

THEIR VIEW

Tax junk food, not fruits, vegetables and baby food

By Fred Nathan and Allen Sánchez

The Greater Albuquerque Chamber of Commerce recently proposed that New Mexico reimpose the tax on food. A wiser strategy would be a targeted tax on junk food, rather than making necessities like fruits, vegetables and baby food more expensive for New Mexico families.

Gov. Bill Richardson and the Legislature, led by Speaker Ben Luján, thankfully abolished the food tax beginning in 2005. The tax had been enacted in 1933, as part of a “temporary” and “emergency” measure. But the food tax long outlasted the emergency of the Great Depression. In fact, between 1933 and 2005, it more than doubled from its original rate of 2.5 percent.

In 1958, 41 states taxed food. Since then, however, the states have moved steadily toward exempting food from tax. By the time New Mexico repealed its food tax, only seven states still fully taxed the sale of groceries. Today, that number has dwindled to only two: Alabama and Mississippi.

The trend toward repealing the tax on food has been accelerated in part by the recognition that the food tax is a weak foundation on which to base essential government services. This is because food tax revenue grows so much more slowly than state and local government spending.

In the decade before the repeal, for example, revenue from the food tax grew at only a 1.7 percent annual rate, according to the Taxation and Revenue Department, while state and local government spending grew at a rate of about 5 percent during the same period. In addition, the food tax is an extremely regressive tax because those who are least able to afford it bear the greatest burden.

The Greater Albuquerque Chamber of Commerce argues that reimposing the food tax would not harm the poor because they receive food stamps. However, although the food stamp program has been around for nearly half a century, only 62 percent of eligible New Mexico families with children actually receive food stamps, according to an October, 2008 study by the New Mexico Voices for Children. The other 38 percent, representing tens of thousands of families with children, would have to pay the entire tax if the food tax were reimposed.

Moreover, the food stamp benefit formula is based on the expectation that families will pay a portion of their food budget with income other than food stamps. The average monthly benefit per person in New Mexico is approximately \$93, or about \$3 per day. Thus, even the 62 percent of eligible New Mexicans who receive food stamps continue to pay for many of their groceries and would therefore still be hit hard by a food tax.

Food stamps provide no relief to struggling middle-class families. In the midst of the greatest economic downturn in seven

decades, it is wrong to increase taxes on working middle-income families who are living paycheck to paycheck. Reimposing the food tax would cost the average family of four approximately \$250 annually — money that these families would otherwise be able to spend on other goods and services. In this sense, reimposing the food tax would function as a sort of anti-stimulus, draining dollars out of the economy.

While a food tax does nothing but harm, a junk-food tax would do some good. It would help combat New Mexico’s growing obesity crisis, which would reduce health care expenses over the long term.

In addition, according to a 2003 analysis by the Taxation and Revenue Department, a tax on candy and soft drinks would generate approximately \$22.4 million annually.

The food tax is a regressive, anti-family tax on necessities, while a tax on junk food makes sense for a state struggling with an obesity epidemic. Please urge Gov. Richardson and our legislators to tax junk food, not fruits, vegetables and baby food.

Santa Fean Fred Nathan is the executive director of Think New Mexico, an independent, results-oriented think tank serving New Mexicans. Allen Sánchez is executive director of The New Mexico Conference of Catholic Bishops.



While a food tax does nothing but harm, a junk-food tax would do some good. It would help combat New Mexico’s growing obesity crisis.