

MY VIEW

# Food tax is up to governor, to veto, or not

By Fred Nathan

**M**any New Mexicans are asking whether Gov. Bill Richardson will line-item veto the reimposition of the local portion of the food tax that was passed during the recent special session.

However, once they learn the story behind the food tax's passage, New Mexicans are more likely to ask instead: "Why wouldn't Gov. Richardson veto the food tax?"

First, a little recent history. In 2004, Gov. Richardson, delivering on a campaign promise made in his 2002 election, boldly pushed a repeal of the food tax through the Legislature with the critical help of House Speaker Ben Luján and many others.

At the time, Gov. Richardson pointed out: "the gross-receipts tax on the food that goes on the plates of New Mexico families is an unconscionable reach into the pockets of New Mexico breadwinners."

Indeed, this was an important victory for working low- and middle-income families in New Mexico, who had been paying this regressive, anti-family tax since 1933, when it was enacted as a "temporary" and "emer-



New Mexican file photo

gency" statute.

So it was not surprising that in his State of the State address to the Legislature at the beginning of the regular session this January, the governor made it clear that he would not support reimposing the food tax: "We cannot ask working New Mexicans to pay more for groceries when too many are struggling to make ends meet."

This was a sensible position to take at a time when tens of

thousands of New Mexicans are newly jobless and many more are living paycheck to paycheck.

Nevertheless, about three weeks later, some in the New Mexico Senate concocted and passed the infamous "tortilla tax" by a vote of 23-19. This tax actually went well beyond tortillas to hit food staples including rice, canned soup, spaghetti, nuts, honey, eggs, potatoes and yogurt. Thankfully, a House committee killed it 9-0.

In between the regular session and the special session, Gov. Richardson worked hard to forge a compromise that would address the budget deficit. He said that while he was still opposed to the food tax, he was open to signing a junk-food tax on sugary soft drinks and candy. This tax would generate about \$22.4 million annually while helping to lower New Mexico's soaring obesity and diabetes rates and reduce health care costs for these illnesses.

In the special session, rather than accept the governor's reasonable offer to tax junk food, some in the Legislature chose instead to tax fruits, vegetables and baby food, among other things. The food tax is included in the tax package that now sits on the governor's desk awaiting his signature or a line-item veto.

Gov. Richardson has many good reasons to line-item veto the food tax. First, reimposing a \$68 million food tax will serve as an anti-stimulus, draining dollars out of New Mexico's fragile economy and harming local

businesses. The money that families will be forced to spend on the food tax is money that they would otherwise be able to spend on other goods and services.

Second, for the same reason, the food tax will not close the budget deficit or avert the need for another special session. Revenue estimates for the food tax (and the budget itself) are too optimistic because they assume that New Mexico consumers will not change their buying patterns even though they will have less discretionary income thanks to the food tax. In the real world, less spending on non-food goods and services means lower gross-receipts tax collections, something that is not accounted for in the estimates.

Third, there are far better alternatives for balancing New Mexico's budget. The Legislature could reduce state spending without cutting vital public services, as some fear. For example, a bipartisan task force created by Gov. Richardson and headed by former Gov. Garrey Carruthers recently recommended merging some state departments and

eliminating a number of inactive boards and commissions.

Similarly, if the goal of this tax package is to "spread the pain" as broadly as possible, why was the liquor lobby spared from any increase in taxes on alcohol, which unlike fruits, vegetables and baby food, is a luxury?

We can do better than taxing food. Gov. Richardson has said that he "hates the food tax." So do the vast majority of New Mexicans, but only Gov. Richardson can veto it. Now is his opportunity to cement his legacy and keep New Mexicans' food tax free.

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