

RIO GRANDE SUN



Thursday, December 17, 2009

Chamber Director Barking up The Wrong Revenue Tree

Executive Director Terri Cole of the Albuquerque Chamber of Commerce seems hell-bent on restoring the gross receipts tax on food. It was repealed in 2004, with a strong push from Think New Mexico. Cole is convinced the tax doesn't help the poor, it helps the rich. Her reasoning is based on talking to food bank volunteers.

It's true people who receive free food from Food Depot or other great charity organizations, don't pay tax on it. It's free. Likewise when you're buying groceries with food stamps you don't pay tax.

There are 330,000 people on food stamps in New Mexico according to October 2009 statistics on the state's web site. The state health department estimates 38 percent who are qualified don't take food stamps. Those people aren't paying tax on food right now either. But Cole would like them to start doing so.

And food stamps are not their entire food budget; food stamps supplement it. They still get the tax break on what they pay out of their pockets.

The US Census bureau estimates we have 2 million people in the state. Good old-fashioned math states there's 17 percent of the population on food stamps. That leaves 83 percent of the population enjoying a tax break on food.

Cole and her Chamber say the upper income people are benefiting from the food tax exemption. She quotes Kay Monaco, director of New Mexico Voices for Children in 2004.

Monaco states in the five-year-old

Commentary by R. Braiden Trapp

quote: "The real winners are upper income households that spend a lot of money on groceries and buy most of their luxuries from catalogs or on the Internet."

The median household income in New Mexico is \$43,000, according to the Census Bureau's 2008 estimate. Are these the upper income people growing fat off the food sales tax exemption?

We propose the real people benefitting from the food tax break are the ones in the big bubble of the population between poor and rich, those "too rich" for food stamps but not in the upper income either. These are the working families in New Mexico, two earners in a family of four or five. Their food-shopping bills run an estimated \$800 a month. In Rio Arriba County the tax on that would be \$63. That's \$63 that could buy more food.

We agree with Cole on two things. First the legislature turned the food tax break into a shell game by allowing municipalities to impose their own sales taxes. Legislators did a disservice to constituents by allowing that. Give a governing body an opportunity to tax its citizens and it's like giving a teenage boy whiskey and the car keys. Bad things are going to happen. The city of Española immediately jumped on that opportunity and imposed

a tax, without voter input.

Second we agree New Mexico has a high rate of hunger. Bureaucrats like to call it food scarcity now. But it's hunger. People don't have enough to eat. Again, this goes back to people either using food stamps or picking up food at food banks and these folks are not being taxed.

We can't fathom why someone leading a chamber of commerce would be pro-tax on anything. She must not have grocery stores in her membership.

We don't know why Cole wants the food tax brought back other than a preponderance of her members are not in the grocery business so feel unfairly treated by having to collect tax on nonfood items.

We agree with her members on that issue. We feel unfairly singled out as being one of three states in the country that taxes newspapers' advertising. We would wager our great advertisers at Center Market and Lowes Super Save aren't happy about that tax but are glad to not have to tax people buying food in their stores regardless of the customers' income level and there aren't a lot of "upper income" people in any of our local grocery stores if you take a look around.

It stands to reason Cole isn't protecting the poor by imposing a tax on everyone. She seems to be overtly protecting her "upper income" business members, those paying her salary.

Let's leave food untaxed and look for answers to our state money woes elsewhere.