

https://www.santafenewmexican.com/news/local_news/governor-signs-bill-cutting-400-million-in-taxes/article_1b6e39d0-9ef3-11ec-bc87-c728fb3a1102.html

Governor signs bill cutting \$400 million in taxes

By Daniel J. Chacón dchacon@sfnewmexican.com

Mar 8, 2022



Gov. Michelle Lujan Grisham signs House Bill 163 on March 8 at Mary Esther Gonzales Senior Center. The measure cuts sev taxes statewide. The governor is said to be working with state lawmakers to provide additional tax relief to New Mexicans to combat rising gasoline costs.

Luis Sánchez Saturno/The New Mexican

Gov. Michelle Lujan Grisham signed a sweeping tax bill into law Tuesday, promising the legislation would provide financial relief to a “wide swath” of New Mexicans — including grandparents who are raising some of the state’s youngest residents.

The governor and legislators who attended the bill signing said New Mexicans should expect more tax reform in the future.

Among the most touted cuts in the omnibus tax package passed during the 30-day legislative session that ended in February is a provision that exempts Social Security benefits from taxation for low- and middle-income seniors.

Toni Atencio, 75, who attended the bill signing ceremony, said eliminating the state's personal income tax on Social Security benefits for many seniors will be "life changing," especially for people in a situation such as hers.

"My son passed away in July and left four kids — he was a single dad — so I have them now, and everything is so expensive," she said. "This package is going to help save my dignity because I'll be able to provide for my grandkids and be able to afford services for them that they badly need."

The tax package, known as House Bill 163, also reduces the gross receipts tax rate for the first time in 40 years and includes tax rebates of up to \$500, a child tax credit of up to \$175 per child, tax exemptions for military veterans and tax credits for hospital nurses who work full time.

In addition, the legislation extends the solar market tax credit and ends the so-called tampon tax by creating a gross receipts tax deduction for feminine hygiene products.

Altogether, the tax bill is expected to provide about \$400 million of recurring tax relief.

"We're not over — this is part of a continuum," said Rep. Christine Chandler, a Los Alamos Democrat. "This summer, we're going to be working throughout the summer on a tax package that will, I hope, present true reform in the state, help us bring the [gross receipts tax] even further and offer other benefits to businesses and regular working people in the state.

"That's going to be a huge lift. ... Anyone who has any great ideas, bring them to me because I'm going to be listening," she added. "We're going to be having hearings throughout the summer."

The governor on Tuesday signed a flurry of other bills, including a piece of legislation that allows employees at the University of New Mexico Sandoval Regional Medical Center to unionize.

Senate Majority Leader Peter Wirth, D-Santa Fe, said the tax package signed by the governor was crafted with bipartisan support.

“I think we’ve come up with a pretty amazing bill here,” he said. “It was the result of lots of compromise and moving pieces, a few heated discussions to say the least, but ... it’s a big step forward for the state.”

In a statement, Senate Minority Leader Greg Baca, R-Belen, said Republicans fight for taxpayers to keep more of their money every year.

“I’m proud of our members who demanded that before the Democrats sent your hard-earned tax dollars into the bottomless pit of government spending, New Mexico seniors, veterans, and families would receive some much-deserved tax relief,” Baca said. “We did this because we know that New Mexicans know how to spend their own money better than the government does.”

Lujan Grisham, a Democrat seeking a second term in November, had made tax cuts part of her agenda during the 30-day legislative session. She called House Bill 163 “an incredible series of tax initiatives” that reduces the tax burden on many residents.

“It also has what I think is one of the most important aspects for business, which is for the first time in 40 years, we’re reducing the tax burden on gross receipts taxes from businesses,” she said. “Getting a quarter-percent over two years, this saves consumers and it saves businesses, particularly those small businesses that are just starting out.”

Sen. Michael Padilla, an Albuquerque Democrat who has pushed for a tax exemption on Social Security benefits for about six years, called the bill signing “a huge day” for New Mexico.

“When the governor was giving her State of the State [address], I was literally texting her and calling her while she was giving her address, thanking her because she got behind this and it was that kind of leadership that made it happen this year,” he said.

“You know, Social Security, it is a sacred trust. Folks have paid for Social Security all of their careers. Why would we want them to have to pay again in retirement?” Padilla said. “The average benefit is going to be anywhere from \$800 to \$3,000.”

Fred Nathan Jr., founder and executive director of Think New Mexico, a Santa Fe-based think tank that has pushed to repeal the tax on Social Security, called the exemption “meaningful tax relief for 115,000 low- and middle-income seniors” across the state.

“It all started with stumbling across the statistic that nearly 80 percent of New Mexico adults have \$10,000 or less saved for their retirement,” he said, adding the group issued a report called “Solving the Hidden Crisis.”

“We said the easiest, most important thing to do would be to repeal the tax on Social Security income, and so we’re delighted that the Legislature and the governor have done this,” Nathan said.

Follow Daniel J. Chacón on Twitter

[@danieljchacon.](#)

More signings

Gov. Michelle Lujan Grisham signed several bills Tuesday. They include:

House Bill 39: Gross Receipts Tax deduction for nonathletic special events

House Bill 46: Family Representation and Advocacy Act

House Bill 67: Tech Readiness Gross Receipts Tax credit

House Bill 82: Dialysis Facility Gross Receipts

House Bill 102: Entity Level Tax Income and Payment

House Bill 163: Tax changes

House Bill 167: Tribe and Pueblo car excise tax credit

Senate Bill 41: College Research Park and Economic Development Act changes

Senate Bill 138: Medical & Health Care Gross Receipts

Daniel Chacon

Reporter