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LEGISLATURE 2016

Budget expert proposes food tax

State Sen. Smith sends message about need for less volatile revenue streams

BY DEBORAH BAKER
 JOURNAL CAPITOL BUREAU

SANTA FE — State Sen. John Arthur Smith doesn't put his messages in bottles. He puts them in tax bills.

The Senate's budget expert and chairman of its Finance Committee, Smith has peppered the legislative landscape this year with tax increase proposals that he knows probably won't survive the 30-day session.

The Deming Democrat's various bills would tax art shipped out of state, raise taxes on gasoline and delay a pending decrease in the corporate income tax rate.

And last week he introduced a bill that would

put the gross receipts tax back on food.

Smith is influential, and Senate Bill 281 prompted alarm and immediate pushback from advocates for children and the poor.

New Mexico Voices for Children said that, while New Mexico needs new revenue to adequately fund programs and services, a gross receipts tax on food would be "the worst possible way" to do obtain the money.

Many families already struggle to put food on the table, said Executive Director Veronica

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Garcia.

"New Mexico has the highest rate of child poverty in the nation, the highest unemployment rate and the third-highest child food insecurity rate," Garcia said in a statement. "Why would we do anything that could make child poverty and hunger worse?"

The Center for Civic Policy said it commissioned a poll of registered voters in December that showed 80 percent of respondents opposed a food tax.

The New Mexico Chamber Executives Association — from chambers of commerce around the state — also opposes reinstating the food tax.

Think New Mexico, the independent think tank that pushed for the original legislation exempting most grocery

items — which passed in 2004 — has fought its reimposition several times over the years.

"Reimposing the tax on food would burden working families and harm local businesses, since every dollar families spend on the tax is a dollar less for them to spend on other goods and services," Executive Director Fred Nathan said Saturday.

Also dampening the chances in this election-year session, which ends Feb. 18: Republican Gov. Susana Martinez remains opposed to tax hikes.

Lawmakers who are writing a budget for the fiscal year that begins July 1 have watched oil and gas prices plummet in the past few months, along with the state's projected revenues.

They're currently counting on \$30 million in "new" money to spend next year, although

Smith worries that, too, could dry up.

Having a food tax — which he estimates could raise about \$150 million annually — and other tax bills in the wings could provide a backstop of "now money," he said Saturday.

"In the event revenues are heading south, you throw it out there to be in the mix," he told the **Journal**.

But he's sending bigger messages as well, he said.

"My message is that we need a more reliable, predictable revenue stream. ... Our revenue streams are highly volatile."

And, he said, "Our entire tax scheme needs to be revamped."

Targeting tax cuts to companies to stay or relocate here doesn't seem to be working, he said.