

Richardson 'committed' to eliminating food tax

By STEVE TERRELL
The New Mexican

Gov. Bill Richardson told a tax-research organization Friday that he wants to introduce a bill in the upcoming legislative session to gradually eliminate the state's portion of the gross-receipts tax on food and medical services.

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Advocates for repealing the food tax have said that doing away with the state's share would save the average family of four about \$250 a year.

A Richardson spokesman later said the governor plans to discuss the idea with legislators before introducing any bill. "He wants to work with the Legislature," Gilbert Gallegos said.

Richardson was criticized by lawmakers last year for not consulting with them before an October special session, Gallegos said.

In that session, legislators refused to discuss a tax-reform package Richardson wanted. "He remains committed to ending that tax," Gallegos said.

Richardson spoke at a luncheon of the New Mexico Tax Research Institute, a private nonprofit group dedicated to improving the state's tax and fiscal policies.

During his 2002 campaign for governor, ending taxes on food and medical services was a prominent part of Richardson's platform.

Richardson's statement

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FRED NATHAN
director, Think New Mexico

pleased Fred Nathan, director of a think tank and advocacy group called Think New Mexico, which has pushed the food-tax repeal for two years.

"This is good news for the New Mexico families who live paycheck to paycheck," Nathan said. "It's bad news for the lobbyists and special interests who have resisted efforts at real tax reform."

Richardson believes a phased-in elimination of the food and medical tax would be an easier sell in the Legislature and would be less of a shock to the budget, Gallegos said.

The governor also wants to deal only with the state's share of the tax, Gallegos said, because it would be a blow to cities that depend on their share of gross-receipts revenue.

The state's share of gross-receipts taxes ranges from just over 3 percent in cities to 5 percent in rural areas.

Richardson offered no specific details about his plan to eliminate the tax, Gallegos said. Last year, a state tax-study commission discussed several food-tax proposals, including eliminating the tax only on certain foods and leaving the tax on items such as soft drinks and candy.

The governor also made no

recommendations on how the state would make up for lost revenues from the tax repeal.

Gallegos said Richardson hasn't made up his mind on a proposal to raise excise taxes on liquor.

He backed that idea in the special session, prompting the liquor industry to fight back with a radio campaign that claimed higher liquor taxes would cripple the hospitality industry.

However, the Blue Ribbon Tax Reform Commission eventually recommended leaving the tax on all food.

In 2002, the state Senate passed a bill to repeal the state's share of the food tax. But it died in the House, where Speaker Ben Luján, D-Nambé, was strongly opposed to the idea. Luján couldn't be reached for comment Friday. The group to which Richardson spoke has argued against eliminating the food tax.

The Web site of The New Mexico Tax Research Institute has a "fact sheet" on the repeal that concludes, "The resulting tight budgetary condition may force policymakers to make expenditure cuts in programs that benefit the poor or that promote state economic development."