

Everyone Benefits from Government Services; We Should All Pay Our Fair Share

By Senator Pete Campos

No one likes to pay taxes, but most of us accept it as necessary to provide for essential public services. What is hard to accept, and what we should not accept, are tax policies that by chance or by design allow some people and corporations to get away with not paying their fair share of taxes.

Unfair tax policies not only deprive the state treasury of badly needed revenue — revenue to hire more teachers and police officers, repair roads or keep parks clean — such policies also understandably foster broad public resentment and weaken consumer confidence. Simply put, unfair tax policies are just plain un-American!

Fixing many unfair tax policies may seem like an unattainable goal for most New Mexicans because the policies are set at the federal level or are supported by entrenched special interests. But the New Mexico Legislature in January will have a chance to correct one such policy: the multistate corporate tax loophole that allows huge corporations doing business in New Mexico and other states to pay absolutely no corporate income tax to New Mexico.

Senator Peter Wirth of Santa Fe has said he will again sponsor legislation to make out-of-state corporations pay their fair share of New Mexico income taxes. Among western states that have a corporate income tax, only New Mexico and Oklahoma do not require out-of-state corporations doing business in the state to pay state income taxes. This seemingly common-sense fix to an unfair tax policy has failed repeatedly in the past, largely due to the unbelievable claims from big corporations — surprise! — that requiring them to pay state taxes like the rest of us will hurt their business or even drive them out of New Mexico. But what about the small businesses that have paid their fair share of taxes all along — many of which have been hurt by competition from bigger corporations? What about the increased tuition and fees that students have had to pay because the state budget is strained?

In a valiant effort to make his proposal more palatable and overcome some of those objections, Senator Wirth has said he will also propose a cut in New Mexico's top corporate income tax rate from its current 7.6 percent to 7 percent, which is below the national median.

I support Senator Wirth's efforts and urge others to join him in this quest for a fairer tax policy. If we all pay our fair share in taxes, New Mexico can more efficiently provide its youth

and elderly with necessary services, and we will all have more take-home pay to spend on essentials and, perhaps, on a big-ticket item that previously we could not afford.

New Mexico government does not squander the money it receives in taxes. Nearly 60 percent of the state general fund is spent on our public schools, colleges and universities. Another 28 percent goes to helping less fortunate New Mexicans with basic needs like health care, child care and income and nutrition assistance — and because New Mexico is a poor state, there are plenty of our neighbors who need help. The rest goes to public safety and other government programs. With so much state spending dedicated to schools and human services, arguments that New Mexico kids are hurt by tax policies that allow big out-of-state corporations to escape paying any New Mexico income tax cannot be blithely dismissed as political rhetoric.

Unfair tax policies also erode already fragile consumer confidence. New Mexicans, whose checkbooks are already stretched by higher costs and smaller paychecks, are understandably demoralized to learn that they pay more New Mexico income tax than many big corporations. That inequity is especially ironic considering that most of us spend a fair amount of our money at the big box stores affiliated with those large out-of-state corporations.

The upcoming legislative session provides us a great opportunity to close this loophole, restore some fairness to our tax code and boost the spending power of New Mexico families.

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