

**State's Tax System, Spending Habits Deserve Close Scrutiny**  
**By Senator Pete Campos**

This maddeningly stubborn recession, which continues to take a toll on individuals, families, businesses and government alike, provides an opportunity for us to rethink key parts of our tax system.

We owe it to ourselves — to every New Mexican who pays taxes and who relies upon government services — to ensure that our tax system collects every penny it should.

Each exemption, credit and deduction must be examined to determine that it continues to serve the purpose for which it was enacted, does not unfairly put any taxpayers at a disadvantage and is properly administered. The method of imposing every tax must be evaluated against changing consumer habits and evolving technologies. How has the increase in internet purchases impacted the state's tax base? Should gasoline taxes be based on the price of gasoline rather than on the quantity of gasoline bought?

The state's overall tax burden deserves close examination as well. If the base upon which the gross receipts tax is imposed is expanded, can the rate for all New Mexicans be lowered? Is it fair that wealthier New Mexicans pay the same income tax rate as those who are substantially less well off?

Our state has changed dramatically in the last 20 years but our tax system has not necessarily kept pace. We have benefited greatly from previous efforts to study New Mexico's tax system; it may be time to renew those efforts.

We must also be diligent in our approach to the spending side of this equation. It is unfair and demoralizing to squeeze more and more money from our tax system without scrutinizing how every penny is spent. Each manager in every public agency must work to ensure that New Mexico's precious tax dollars are spent wisely on core, critical services that ultimately will make New Mexico a better place in which to live and work. If we were as careful with the public's money as we were with our own, we could save money, increase our efficiency and give New Mexicans more bang for their buck.

Eliminating, or at least greatly reducing, the amount of state funds that are earmarked for specific programs would go a long way toward providing policymakers with the flexibility needed to direct state money to where it is most needed. Dedicating revenue streams to specific programs is attractive to supporters of those programs, but it does nothing to provide managers with incentives to cut waste, innovate or be more efficient.

We have no choice but to cut state spending and make our agencies more efficient. Taxpayers should not be asked to pay any more than is absolutely necessary, even after the economy improves.

The day that New Mexico's economy turns around is not far off. Oil and gas sales are strong around the world, and that strength will soon boost New Mexico's revenues. Consumer spending is showing signs of making a comeback, which offers hope because it is what drives most of the economy. Corporate profits are up, with receipts from the corporate income tax in New Mexico expected to increase 75 percent over last year. Consumer confidence is similarly showing signs of life, and it will only improve as state agencies demonstrate a willingness and ability to spend tax dollars wisely.

As we work to make New Mexico's tax system fair and efficient, and as we work to spend tax dollars wisely, existing businesses will expand, new businesses will locate here and consumers will again spend more freely.