

Our Families — Looking Ahead to 2021

By Senator Pete Campos

If we have learned anything from 2020, it is that trusting in the process can be overwhelming. The process will be especially challenging with new members of national and state legislatures; they must build strong relationships, work with new technology to ensure the safety of others and work through and beyond the legislative session. In New Mexico, however, we have already experienced two special legislative sessions and an interim under new, online conditions. Normal legislative operations are strained, but there has been effective discussion, analysis and recommended legislation to keep our state moving forward and our families safe.

I believe that we can continue to move forward by diversifying our current revenue sources, prudently appropriating the funds we currently have and reviewing our tax base carefully. Most importantly, we must remember that when we trust one another, we achieve great things together. New Mexico is building a recovery strategy to target those in the most need — the unemployed, small business owners and those suffering from homelessness — but 2021 requires more change to improve long-term budgeting.

We need to carefully reevaluate taxes in New Mexico. It is clear that a better distribution of the tax base can support a strong economy, but by specifically restructuring and minimizing tax compression, we can create more equity. The key is to clean up tax policies rather than increase taxes. In addition to making tax policies more efficient, we have the opportunity to return to pre-2008 tax revenue levels.

First, we need to minimize the gross receipts tax (GRT) revenue loss by counties and municipalities to continue providing important government services. We should also eliminate the pyramiding of taxes, especially within the GRT, to create a better share for taxpayers, rather than burden a few people. Examining tax deductions, exemptions and credits would help strengthen our system and ensure that we have the most efficient system to benefit those who need it most.

While restructuring taxes is our best option, there are two places where taxes should increase. To bring in more revenue, we should study New Mexico's property and gasoline taxes, which are lower than many states, while creating a fair tax system to include initiatives such as recreational cannabis and green energy. We should look to trade out the property tax for the GRT, which would initiate circuit breakers and offset low property taxes while leveling out the

GRT, thus making the tax burden more appropriate for our state. The gasoline tax should be increased from \$.17 per gallon to subsidize future road improvements. Taxing recreational cannabis would provide an additional revenue stream and must be considered for its potential legalization. Finally, we should look at strong revenue sources that we currently have and continue to diversify them. For example, the film industry brings value to our economy; this in itself improves public confidence in plans to support new industries seeking to relocate in New Mexico. We should also focus on the employees we already have and create a system that addresses the wage gap for women and people of color. Lower wages affect current and future workers; leaving the problem unaddressed makes it difficult for these individuals to re-enter the workforce.

Efficient spending would generate more tax dollars as well. We have the ability to efficiently spend \$1.4 billion for outstanding capital outlay projects. By placing more emphasis on the Capital Outlay Bureau and using recurring resources for recurring projects, New Mexicans can trust that we will improve our long-term budget preparation.

We continue to ask more questions as we face uncertainty every day. What incentives do we have for employers? What about families facing eviction and food shortage? What will unemployment levels look like as more people are vaccinated? We have the opportunity to take advantage of this unique legislative session. We know that change is coming. We remain hopeful in our efforts to create progress in 2021.