

# New Mexico Tax Policy



## **TAX POLICY OVERVIEW**

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**JULY 15, 2021**

# *Outline*

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- **Tax Policy Principles**
- **New Mexico's Revenue Structure**
- **Tax Expenditure Reporting and Evaluation**
- **Tax Reform**

# Tax Policy Principles

# NMTRI Tax Policy Principles

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N.M. Tax Research Institute is a non-profit, non-partisan member-supported organization dedicated to advancing the following principles of good tax policy in New Mexico:

## **Adequacy**

Revenues should be sufficient to fund needed services

## **Efficiency**

Interference with the private economy should be minimized

## **Equity**

Taxpayers should be treated fairly

## **Simplicity**

Laws, regulations, forms and procedures should be as simple as possible

## **Comprehensiveness**

All taxes should be considered when evaluating the system

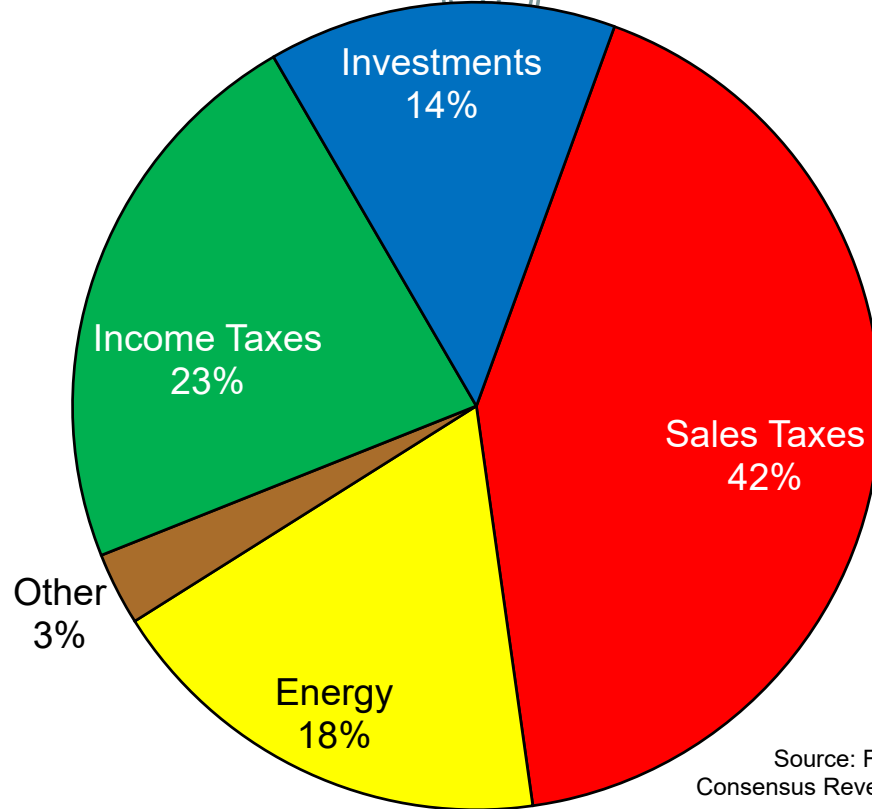
## **Accountability**

Exceptions should be rare and should be carefully evaluated and justified

# New Mexico's Revenue Structure

# ***FY 2022 General Fund Revenue: \$7.38 Billion***

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Source: February 2021  
Consensus Revenue Estimate

Source: Dec 2020 Consensus Revenue Estimate

- ❖ High reliance on general sales taxes
- ❖ Low reliance on property taxes
- ❖ High reliance on severance taxes and rents/royalty payments

## *General Fund Revenue Sources – Gross Receipts and Compensating Tax*

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- **NM's largest source of revenue**
- **Broad-based (but less broad over time)**
  - GRT is similar to a sales tax, but imposed on the seller
  - Includes services and intangibles
  - Imposed on seller to allow taxation of property and services provided to the U.S. government and its agencies
- **Rate includes “local option” taxes imposed by counties, municipalities, and others (i.e. transit and spaceport districts, other special districts)**

## ***General Fund Revenue Sources – Gross Receipts and Compensating Tax – Cont'd***

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- State's share = 3.9% (incorporated); 5.125%
- GRT rate range: 5.125% (state GRT rate; ); 5.5\* to 9.4375%\* with in-state location  
Seller's location determined rate until 7/1/21; after 7/1/21 new "destination sourcing" rules apply.
  - Except: construction, real estate transactions, utilities, some professional services
- Pyramiding problem: Business-to-Business transactions; "every other sale" taxation of services
- "Hold-harmless" features for local government (being phased out)

\* Remainder of County – Lea and Lincoln; Taos Ski Valley, respectively. Source: NMTRD



# *General Fund Revenue Sources – Gross Receipts and Compensating Tax – Cont'd*

## ➤ **Compensating Tax**

- ✦ Companion tax (“use” tax) – imposed on purchaser
- In New Mexico – until 7/1/21 was lower than GRT rate, now the same rate

## ➤ **Municipal and county gross receipts taxes**

- ✦ Local option taxes may be imposed by local government
- ✦ In 2019, the Legislature de-earmarked many local option taxes to allow for more local flexibility
- ✦ GRT provides a large portion of local government general revenue
- ✦ Bases are identical – so locals piggyback on state base

## ➤ **Tribal taxes**

- ✦ Tribal governments are sovereign with and have taxing power of their own. There can be an overlap in taxing authority asserted by the state and Tribal governments.
- ✦ They do not have to align their taxes with New Mexico’s, but often do so for mutual convenience, and for purposes of entering into cooperative agreements.
- ✦ Currently 15 tribal entities impose a gross receipts tax administered by the state under cooperative agreements.

## ***General Fund Revenue Sources – Personal Income Tax***

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- **NM imposes a personal income tax on residents, and non-residents deriving income from New Mexico sources**
  - **The starting point is federal adjusted gross income (AGI) followed by additions and subtractions:**
    - + NM additions (e.g., interest on federally tax-exempt bonds; itemized state income tax)
    - Federal standard or itemized deductions (changed by federal tax reform)
    - Federal personal exemption amount (now zero from federal tax reform)
    - NM low- and middle-income exemption
    - NM subtractions (e.g., interest on NM state and local bonds, capital gains)
    - NM uncompensated medical care deduction
- = NM taxable income

## ***General Fund Revenue Sources – Personal Income Tax – Cont'd***

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- **Graduated rates that range from 1.7% to 5.9%.**
- **Tax credits and rebates may reduce tax due.**
- **Most credits are nonrefundable (but may be carried forward).**
- **Refundable rebates and credits (except the Working Families Tax Credit) are based on “Modified Gross Income” (MGI).**
- **Withholding and estimated payments are applied.**
- **Taxpayers compute their tax due or refund.**

# *General Fund Revenue Sources – Corporate Income Tax*

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- Entities Subject to Tax
  - Corporations
  - Other entities taxed as corporations under federal income tax
    - ✦ Certain partnerships, LLCs, Non-profits (i.e. UBI), trusts
  
- Nexus
  - To be subject to tax by New Mexico, entity must:
    - ✦ Be employed or engaged in the transaction of business in, into or from New Mexico, or
    - ✦ Derive any income from any property or employment within New Mexico
  - Must have more than “the slightest physical presence” for constitutional nexus
    - ✦ Can be established by agents

# Oil and Gas Taxes

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- Tax rates – Oil

Taxes on Oil	Net Price of Oil (\$/bbl)		
	Under \$15	\$15 to \$18	Over \$18
Oil and Gas Emergency School Tax <sup>1</sup>	1.58%	2.36%	3.15%
Oil and Gas Severance Tax <sup>2</sup>	1.88%	2.81%	3.75%
<b>Subtotal</b>	<b>3.46%</b>	<b>5.17%</b>	<b>6.90%</b>
Oil and Gas Conservation Tax	0.19%	0.19%	0.19%
Production Ad Valorem Tax	1.04%	1.04%	1.04%
Production Equipment Ad Valorem Tax	0.14%	0.14%	0.14%
<b>Total</b>	<b>4.83%</b>	<b>6.54%</b>	<b>8.27%</b>

(1) 2.36% for stripper wells if taxable value of oil is between \$15 and \$18/barrel; 1.58% if less than \$15/barrel.

(2) 2.81% from stripper wells if taxable value of oil is between \$15 and \$18/barrel; 2.45% removed from well workover projects if average annual price of WTI is less than \$24/barrel; 1.88% if WTI less than \$15/barrel.

Note: Deductions allowed for state, federal and Indian royalties and trucking expenses - In FY 2020, oil deductions averaged 12%.

# Oil and Gas Taxes

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- Tax rates – Natural Gas

Taxes on Natural Gas	Net Price of Natural Gas (\$/mcf)		
	Under \$1.15	\$1.15 to \$1.35	Over \$1.35
<b>Oil and Gas Emergency School Tax<sup>1</sup></b>	2.00%	3.00%	4.00%
<b>Oil and Gas Severance Tax<sup>2</sup></b>	1.88%	2.81%	3.75%
<b>Subtotal</b>	<b>3.88%</b>	<b>5.81%</b>	<b>7.75%</b>
<b>Oil and Gas Conservation Tax</b>	0.19%	0.19%	0.19%
<b>Production Ad Valorem Tax</b>	0.88%	0.88%	0.88%
<b>Production Equipment Ad Valorem Tax</b>	0.15%	0.15%	0.15%
<b>Total</b>	<b>5.10%</b>	<b>7.03%</b>	<b>8.97%</b>

(1) 3% for stripper wells if taxable value is between \$1.15 and \$1.35/mcf; 2% if average annual price of WTI is less than \$24/barrel.

(2) 2.81% for stripper wells if taxable value is between \$1.15 and \$1.35/mcf; 2.45% if average annual price of WTI is less than \$24/barrel; 1.88% if taxable value is less than \$1.15.

Note: Deductions allowed for state, federal and Indian royalties and trucking expenses - In FY 2020, natural gas deductions averaged 43%.

# Tax Expenditure Evaluation and Reporting

# What is a Tax Expenditure Report?

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- Tax expenditure reports (TER) describe areas where the tax code provides for preferential tax treatment of a certain activity
- TRD has produced a TER yearly since 2012
- The TER includes an estimate of revenue foregone because of the preferential tax treatment due to:
  - Credits
  - Deductions
  - Exemptions
  - Preferential tax rates
- Every dollar of revenue foregone is a dollar that cannot be appropriated or added to reserves
- State appropriations are rigorously evaluated and reprioritized annually; tax expenditures should be similarly revisited
- TER are important transparency tools that allow State policymakers, advocacy groups, and the public an opportunity to regularly evaluate the State's tax code



# Exclusions, Exemptions, Credits, and Deductions

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- **Exclusions** – amounts of gross receipts, gross income, or other amount that is removed to define the tax base
  - Taxpayers exclude certain amounts of their “base income” to derive “net income” on which tax is imposed. § 7-2-2(N)
  - The property tax excludes personal property and has a 3% limit on annual value growth on residential property
- **Exemptions** – often eliminate a taxpayer’s obligation to register, report, and/or pay
- TRD does not have visibility into income or receipts that are exempt because they are not reported on a tax return
- **Deductions** - reduce liability by eliminating certain transactions or income from amounts taxpayers are required to report on returns
- Deductions and Exemptions have the same effect on a taxpayer’s tax liability, but differ in taxpayer reporting obligations
- **Credits** – are dollar for dollar credits against the taxpayer’s tax liability due

# Tax Expenditures Must be a Deviation from the Tax Base and Must Convey Special Treatment

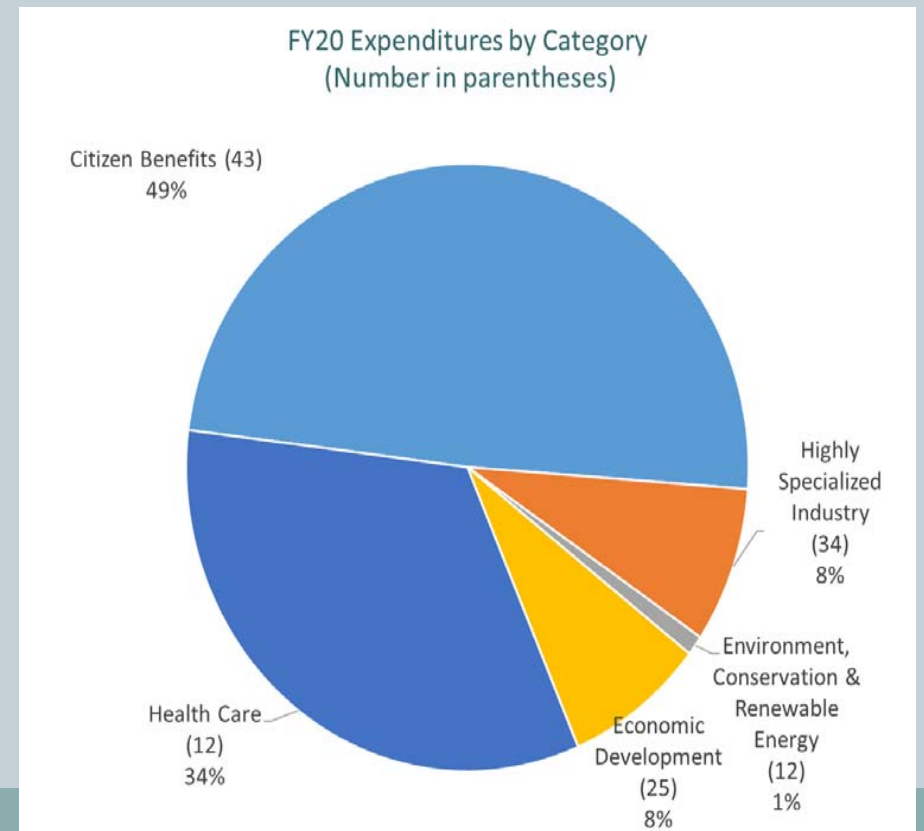
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- Exclusions to derive the tax base are not considered tax expenditures
- Special treatment is typically evidenced by a policy choice regarding:
  - Benefitting a subset of the tax base
  - Benefitting a subset of the population or
  - Both
- Policy choices:
  - To benefit all, or a specific subset, of citizens
  - To induce economic development
  - To induce conservation
  - To aid specific industries

# Tax Expenditures Categories


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- **Citizen Benefits:** benefit all taxpayers or specific population (low-income, disabled, etc.), lessen the burden of taxation
- **Economic Development:** stimulate investment, job creation or job retention, attract industries
- **Environment, Conservation, and Renewable Energy:** support environmental health, promote conservation and renewable energy
- **Health Care:** increase access to or lower costs of health care
- **Highly Specialized Industries:** target specific or highly specialized industries



# Top Ten Expenditures by Cost: 2019 and 2020

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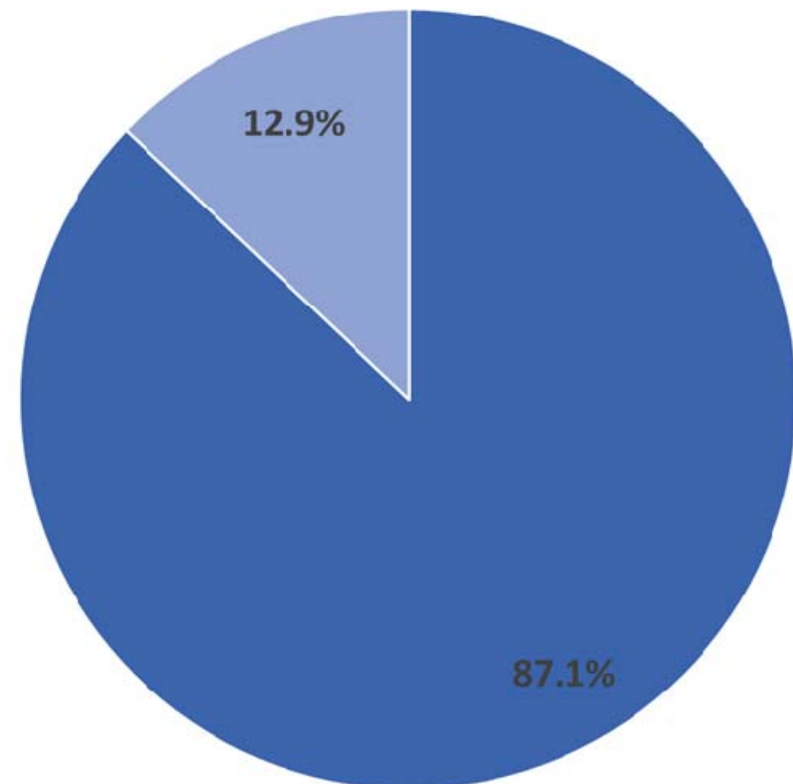
Name	2019 (\$000's )	2019 Rank	2020 (\$000's )	2020 Rank	
Sale of Food at Retail Food Stores GRT Deduction and Hold Harmless Distribution	369,200	1	599,700	1	1
DOH-Licensed Hospitals Sixty Percent GRT Deduction	90,420	4	215,106	2	2
Prescription Drugs and Oxygen GRT and GGRT Deduction	175,600	2	173,600	3	3
Working Families Credit against PIT	49,904	7	83,408	4	1
Health Care Practitioner Services GRT Deduction and Hold Harmless Distribution	57,700	6	56,600	5	1
Film and Television Credit against PIT and CIT	148,200	3	55,596	6	1
Nonprofit Organizations Exemption from GRT	47,892	8	49,118	7	4
Capital Gain Deduction From PIT	75,303	5	41,226	8	1
Apportionment Election for CIT Manufacturers	29,371	9	34,643	9	2
Low- and Middle-Income Taxpayers Exemption from PIT	23,552	10	18,872	10	1

# State vs. Local Tax Expenditure Incidence

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## FISCAL YEAR 2020 EXPENDITURES BY STATE AND LOCAL TAX INCIDENCE

- GRT incidence for deductions and exemptions is shared between the State General Fund and local governments in most cases
- Tax expenditures for CIT, PIT, etc., generally impact only State General Fund directly



■ State % ■ Local %

# *LFC Tax Expenditure Policy Principles*

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- **Vetted:** The proposed new or expanded tax expenditure was vetted through interim legislative committees, such as LFC and the Revenue Stabilization and Tax Policy Committee, to review fiscal, legal, and general policy parameters.
- **Targeted:** The tax expenditure has a clearly stated purpose, long-term goals, and measurable annual targets designed to mark progress toward the goals.
- **Transparent:** The tax expenditure requires at least annual reporting by the recipients, the Taxation and Revenue Department, and other relevant agencies.
- **Accountable:** The required reporting allows for analysis by members of the public to determine progress toward annual targets and determination of effectiveness and efficiency. The tax expenditure is set to expire unless legislative action is taken to review the tax expenditure and extend the expiration date.
- **Effective:** The tax expenditure fulfills the stated purpose. If the tax expenditure is designed to alter behavior – for example, economic development incentives intended to increase economic growth – there are indicators the recipients would not have performed the desired actions “but for” the existence of the tax expenditure.
- **Efficient:** The tax expenditure is the most cost-effective way to achieve the desired results.

# *LFC Tax Expenditure Policy Principles*

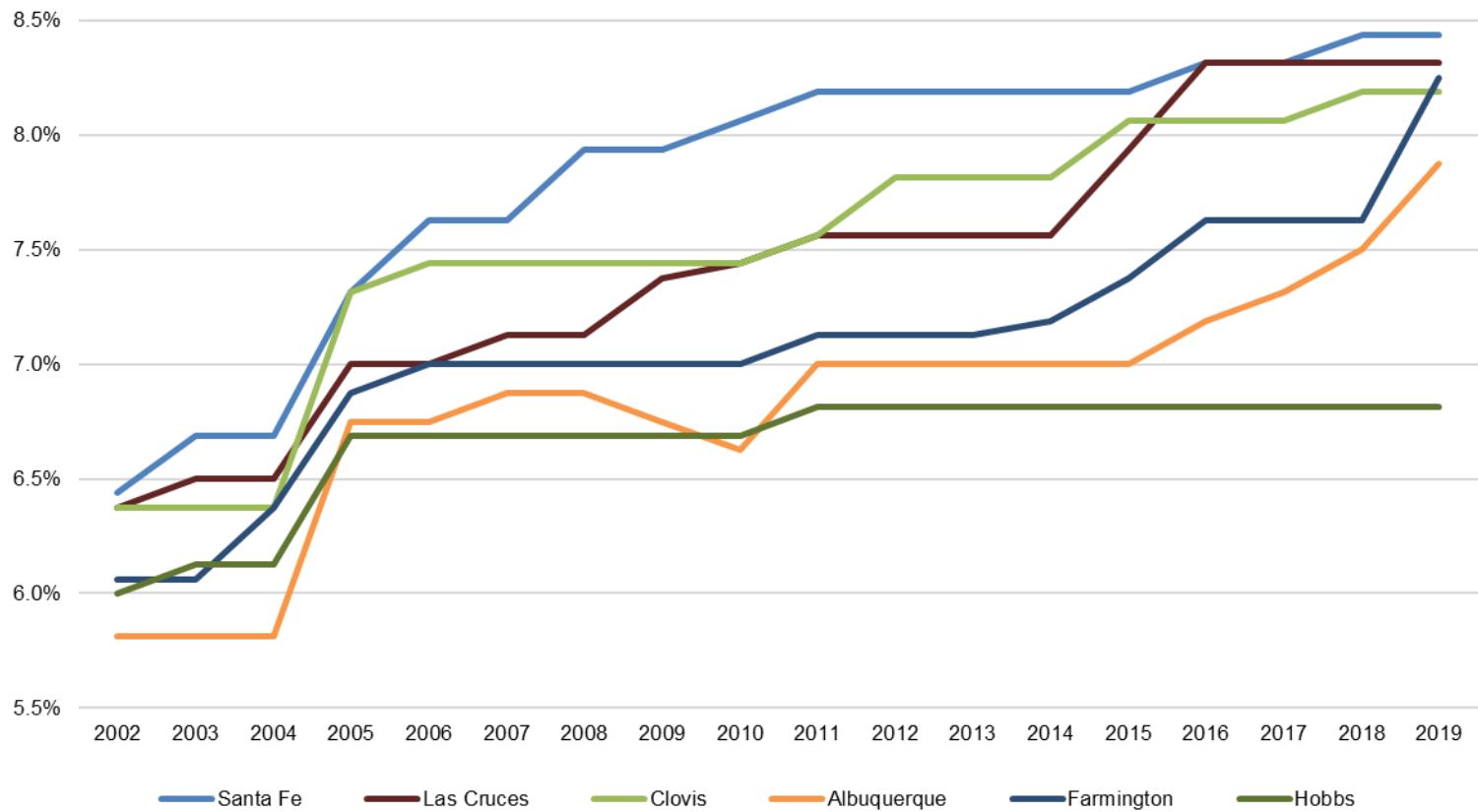
<b>LFC Tax Expenditure Policy Principle</b>	<b>Met?</b>	<b>Comments</b>
<b>Vetted</b>	✓	
<b>Targeted</b>		
Clearly stated purpose	✓	
Long-term goals	✓	
Measurable targets	✗	
<b>Transparent</b>	✓	
<b>Accountable</b>		
Public analysis	✗	
Expiration date	✓	
<b>Effective</b>		
Fulfills stated purpose	✓	
Passes “but for” test	?	
<b>Efficient</b>	✗	
Key:    ✓ Met    ✗ Not Met    ? Unclear		

# Tax Reform



# Potential for Tax Reform – GRT Rate Trends

Selected Cities Gross Receipts Tax Rate History

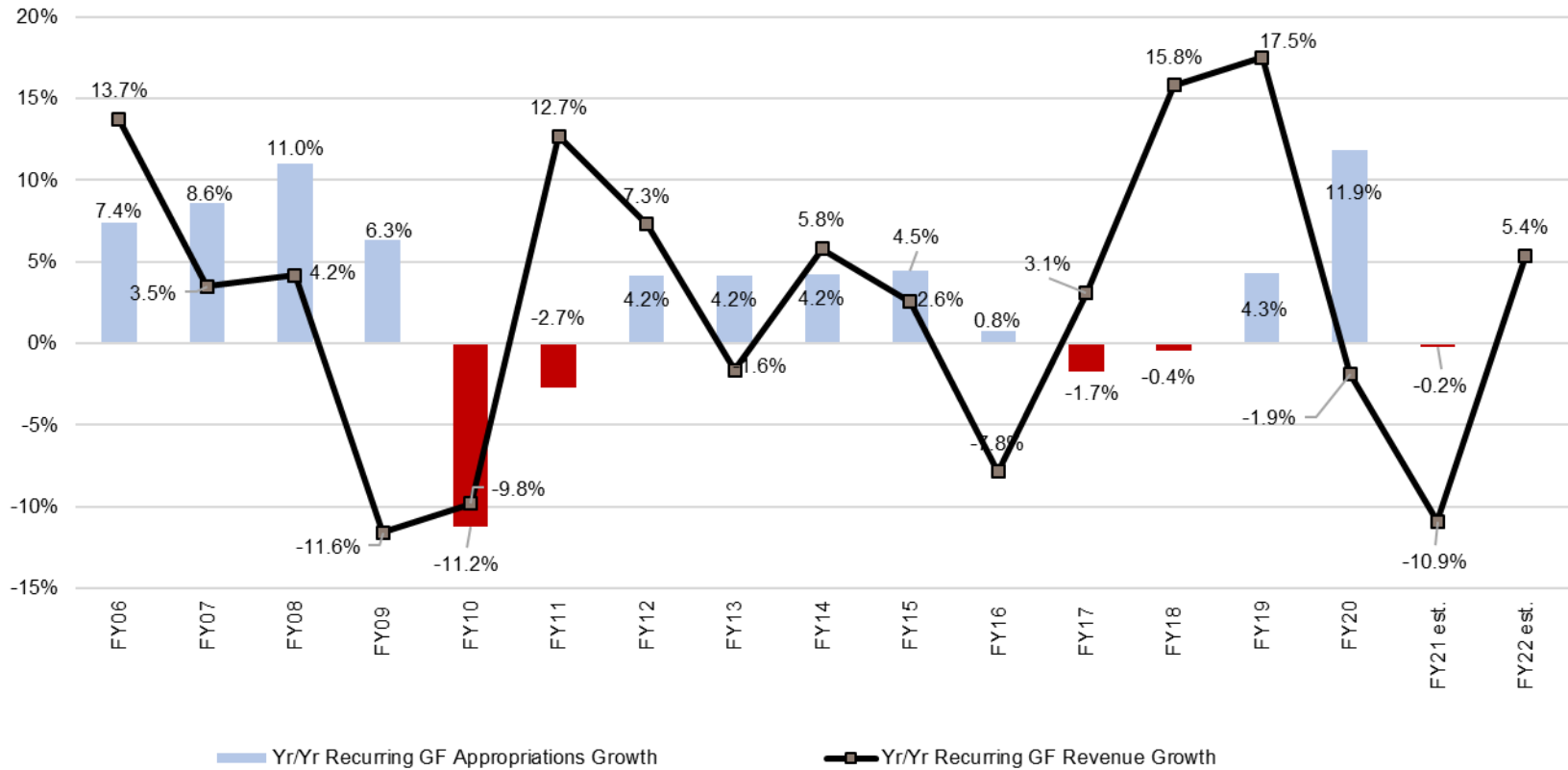


Source: New Mexico Tax Research Institute

# Potential for Tax Reform – Revenue Stability

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### Recurring General Fund Revenue & Appropriation Annual Growth



Source: LFC Files

## *Recent Steps Towards Tax Reform*

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- Subjected online sales to GRT
- Added progressivity to PIT with new 5.9% top rate affecting top 3% of filers
- Mandated combined reporting of Corporate Income Tax
- Created local option compensating tax
- Hospital GRT reform –leveled playing field for for-profit, nonprofit, governmental hospitals
- Increased motor vehicle excise tax from 3 to 4% more in line with neighboring states
- Expanded Working Families Tax Credit and Low-Income Comprehensive Tax Rebate (major poverty reduction tools)
- Reduced capital gain deduction from 50% to 40%
- Began to tax e-cigarettes and increased cigarette tax from \$1.66 to \$2.00 per pack
- Taxation of recreational cannabis sales

# Questions

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## *General Fund Revenue Sources – Gross Receipts and Compensating Tax – Cont'd*

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- **Compensating tax**
  - Imposed on the value of property
    - ✦ manufactured in the state by the person using it
    - ✦ acquired outside NM that would have been subject to the GRT had it been acquired in NM
    - ✦ that becomes taxable because of subsequent use of the property or service (i.e. using something acquired for resale)
  - Product of services used in the state
  - Rate = 5.125% (5% for services) until 7/1/21 (local sourcing kicks in).
  - Credit for tax (sales) paid to other state up to 5.125%
  - Exemptions & Deduction mirror GRT where applicable
  - Applies to Individuals a/o 7/1/20

# *General Fund Revenue Sources – Corporate Income Tax – Cont'd*

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- **Taxable Income**
  - Taxable income as defined for federal income tax purposes, with certain additions and subtractions
  - Additions:
    - ✦ Interest on non-New Mexico state and local bonds
    - ✦ Federal NOLs ( 3 year carryback, 20 year carryforward)
  - Subtractions:
    - ✦ Interest on federal bonds and New Mexico state and local bonds subject to federal income tax
    - ✦ State NOLs (no carryback, now 20 year carryforward (was 5)
    - ✦ Dividends from foreign corporations (not combined filers, and including “gross-up”; percentage based on ownership)

# *General Fund Revenue Sources – Corporate Income Tax – Cont’d*

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- **Reporting Methods**

OLD (until tax years starting 1/1/19)

- **Separate Corporate Entity (SCE)**

- ✦ Default reporting method, unless taxpayer elects combined or consolidated

- **Combined**

- ✦ Can be elected by “unitary” corporations (determined by inter-relationships)
- ✦ Once elected, cannot go back to SCE without permission of TRD Secretary

- **Consolidated**

- ✦ Follows federal rules (requires 80% ownership by common parent)
- ✦ Once elected, cannot go back to combined or SCE without permission of TRD Secretary

# *General Fund Revenue Sources – Corporate Income Tax – Cont'd*

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- **Reporting Methods**

NEW (Commencing in 1/1/20)

- **Worldwide Combined**

- ✦ Default reporting method, unless taxpayer elects combined or consolidated

- **Water's Edge Combined**

- ✦ Can be elected by “unitary” corporations (determined by inter-relationships)
- ✦ Once elected, cannot elect to other methods for seven years

- **Consolidated**

- ✦ Follows federal rules (requires 80% ownership by common parent)
- ✦ Once elected, cannot elect another method for seven years



## *General Fund Revenue Sources – Corporate Income Tax – Cont'd*

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- **Allocation and Apportionment**
  - Corporations with income from outside New Mexico must allocate and apportion their income to New Mexico
  - NM follows Uniform Division of Income for Tax Purposes Act (UDITPA)
  - “Non-business” income is “allocated” to one state (source state)
  - “Business income” is “apportioned” between states by formula
  - Apportionment formula uses 3- “factors” - property, payroll, and sales
  - Each factor is the percentage of the New Mexico amount to the “everywhere” amount, and the three percentages are then added and divided by 3 to get the average apportionment percentage
  - Manufacturers and corporate HQs (or some ops) can elect to use a single sales factor formula (which may benefit those who have property and payroll here but sell mostly outside the state).

# *General Fund Revenue Sources – Corporate Income Tax – Cont'd*

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## Tax Liability

- **Corporate income tax is imposed at three rates:**
  - 4.8% for net income of \$500,000 or less;
  - 5.9% of net income above \$500,000
- **Applicable credits may reduce tax liability**
- **Corporate franchise tax also applies - \$50 per year per corporation**

# *Selective Sales Taxes – Tobacco*

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- **Tobacco Taxes**

- **Cigarette**

- ✦ 10 cents/\$2.00 per pack of 20 cigarettes
- ✦ Tax raised from \$.21 to \$.91/pack of 20 on July 1, 2003, to \$1.66/pack in 2010, and again to \$2.00/pack on July 1, 2019
- ✦ Requires stamps
- ✦ Exemptions
  - U.S. or any agency thereof
  - governing body or enrolled member of any tribe for sale or use on that tribe or pueblo
  - sales prohibited by N.M. or U.S. constitution

- **Tobacco Products Tax (snuff, cigars, etc.)**

- ✦ 25% of product value (not to exceed 50 cents/cigar)
- ✦ 12.5% for e-liquids and 50 cents/closed system cartridge
- ✦ Exemptions
  - Products sold to or by the U.S. or N.M., or any of their agents or instrumentalities
- ✦ Deductions
  - Interstate sales

# *Selective Excise Taxes - Liquor*

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- **Liquor Excise Tax**
  - Rates vary by type
    - ✦ Spirituous Liquor - \$1.60/liter
    - ✦ Beer - \$0.41/gallon
    - ✦ Wine - \$1.50/liter
    - ✦ Fortified Wine - \$1.50/liter
    - ✦ Microbrewer beer- \$0.08/liter
    - ✦ Cider - \$0.41/gallon
    - ✦ Preferential rates for certain small winery or winegrower , craft beer brewers and craft distillers
  - Exemptions
    - ✦ Sales to or by instrumentality of the armed forces engaged in resale
  - Deductions
    - ✦ Interstate sales

# *Selective Sales Taxes - Insurance*

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- **Insurance Taxes**
  - Administration moved to Tax & Rev in 2020
  - Tax on Premiums
    - ✦ Tax rate – 3.003%
  - Imposed in lieu of all other state taxes except property taxes
  - Health Insurance Premiums Surtax
    - ✦ Imposed on health insurance premiums
    - ✦ Tax rate – 1.00%, increases to 3.75% on January 1, 2022.
  - Other issues – Retaliatory taxes
    - ✦ Many states, to include NM, have provisions impose a retaliatory tax on foreign insurers if that insurer's home state's rates are higher than their own rates.

# *Selective Sales Taxes - Gaming*

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- **Gaming Taxes**
  - **Gaming Tax**
    - ✦ Administered by the Gaming Control Board
    - ✦ 10% of receipts from sale or lease or other transfer of game devices
      - Exception for transfer from manufacturers to distributors
    - ✦ 10% of the net take of a gaming operator that is a not-for-profit
    - ✦ 26% of the net take of other gaming operators
    - ✦ In lieu of other state and local gross receipts taxes
  - **Gaming operator that is a racetrack**
    - ✦ Administered by the Racing Commission
    - ✦ 26% of net take to purses (in addition to gaming tax)

# Gross Receipts Tax

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- GRT system includes “Special” state taxes
  - Governmental GRT
    - ✦ Justified by competition between governments and businesses
    - ✦ Bucks used for capital outlay projects of select local govts & state agencies
    - ✦ Could be folded into regular GRT
  - Interstate telecommunications GRT
    - ✦ Long-distance service was taxed under the gross receipts tax until 1992
    - ✦ This separate tax was created, mainly as a convenience to the long-distance companies
    - ✦ The FCC would not permit passing on the tax unless local rates were part of a special tax.
    - ✦ ITGRT’s rate of 4.25% determined as an average of the actual effective gross receipts tax rate.
  - Lease vehicle GRT & surtax
    - ✦ At the behest of auto rental companies, this 5% tax on top of regular GRT replaced the motor vehicle excise tax on the same vehicles.
    - ✦ Effectively reduced interest paid on financed vehicle purchases.
    - ✦ Tax is targeted at tourists.
  - Telecommunications relay service surcharge
    - ✦ Rate = 0.33% - charged on receipts from intrastate telephone services.
    - ✦ It funds TTY/TDD services.
    - ✦ It is a special excise tax that happens to be collected through the gross receipts tax system.

# *Earmarking*

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- Earmarking occurs when statute (or the New Mexico Constitution) **directs certain revenues to a specific fund or agency**, and it often is accompanied by language stating the purpose for which the revenues are to be used



# *Earmarking - Advantages*

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- If the revenue source is aligned with the benefits from the earmark, this fulfills the **benefit principle** – those benefiting from the government service should be financially responsible for it
  - However, some studies in other states indicate revenue sources are frequently not aligned with earmark benefits
- Helps ensure a **steady flow of funding** for a specific purpose; not as subject to changing funding desires of the Legislature
- Can be used to **gain support and commitment** from groups of taxpayers and stakeholders, in some cases creating situations where taxpayers are willing to support increased taxes if the revenues are used for a purpose that benefits them

# *Earmarking - Disadvantages*

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- **Reduces general fund revenues** available for discretionary appropriation
  - Increases difficulty to establish funding priorities and change those priorities over time as revenues and needs change
  - During tough economic and budget times, the reduced discretion is likely to lead to deeper cuts for agencies and programs not funded through earmarks
- The need for dedicated funding streams for a particular purpose can change over time, but it is **more difficult changing earmarks** than changing appropriation amounts or language
- An earmark to provide additional funding for a program **does not guarantee an increase in funding**, as non-earmarked funding may be reduced (a common national example is earmarked lottery revenue for education partially offset by general fund budget cuts to education)
- It can be **difficult to track** earmarked funds and ensure they are being expended effectively and efficiently
- Earmarked funds often **do not revert** to the general fund, creating an environment for funds to sit unused

## *Earmarking, cont.*

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- LFC budget guidelines instruct analysts to identify opportunities to eliminate earmarks
- Examples of earmarks:
  - petroleum products loading fee to the corrective action fund at NMED
  - fire protection fund revenues to fire districts, fire departments, and the fire protection grant fund
  - a portion of liquor excise taxes to the local DWI grant fund and a temporary earmark for the lottery scholarship fund
  - cigarette tax earmarks to a variety of sources, including a distribution where the excess has sat, nearly unchanged in value, for the last three years (SB113 sweeps this fund balance)
- No system-wide analysis in New Mexico of earmarked funds
- A 2014 study in Michigan found nearly two-thirds of the state's taxes were earmarked for distributions other than to the general fund







# New Mexico State & Local Taxes

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## TOTAL TAX

Share of Family Income

INCOME GROUP	TOP 20%						
	LOWEST 20%	SECOND 20%	MIDDLE 20%	FOURTH 20%	NEXT 15%	NEXT 4%	TOP 1%
INCOME RANGE	Less than \$17,700	\$17,700 to \$32,100	\$32,100 to \$49,500	\$49,500 to \$86,000	\$86,000 to \$165,300	\$165,300 to \$376,500	over \$376,500
AVERAGE INCOME IN GROUP	\$11,500	\$25,100	\$39,400	\$65,400	\$116,400	\$229,700	\$845,400
 <b>SALES &amp; EXCISE TAXES</b>	<b>9.6%</b>	<b>8.5%</b>	<b>6.9%</b>	<b>5.3%</b>	<b>4.0%</b>	<b>2.4%</b>	<b>1.4%</b>
General Sales—Individuals	5.3%	5.1%	4.2%	3.3%	2.5%	1.5%	0.9%
Other Sales & Excise—Ind.	1.0%	0.7%	0.5%	0.3%	0.2%	0.1%	0.0%
Sales & Excise on Business	3.2%	2.8%	2.3%	1.7%	1.2%	0.7%	0.4%
 <b>PROPERTY TAXES</b>	<b>3.2%</b>	<b>2.6%</b>	<b>2.3%</b>	<b>2.1%</b>	<b>1.8%</b>	<b>1.7%</b>	<b>1.2%</b>
Home, Rent, Car—Individuals	3.2%	2.5%	2.2%	2.0%	1.6%	1.4%	0.4%
Other Property Taxes	0.0%	0.0%	0.1%	0.1%	0.1%	0.3%	0.8%
 <b>INCOME TAXES</b>	<b>-2.2%</b>	<b>-0.4%</b>	<b>0.9%</b>	<b>2.2%</b>	<b>3.2%</b>	<b>3.4%</b>	<b>3.5%</b>
Personal Income Tax	-2.2%	-0.4%	0.9%	2.2%	3.1%	3.3%	3.3%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
 <b>TOTAL TAXES</b>	<b>10.6%</b>	<b>10.7%</b>	<b>10.2%</b>	<b>9.7%</b>	<b>8.9%</b>	<b>7.4%</b>	<b>6.0%</b>

Individual figures may not sum to totals due to rounding.

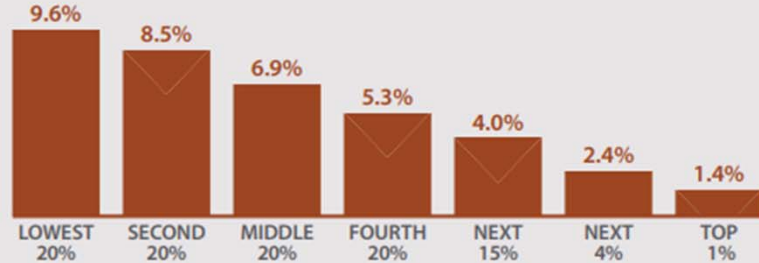
# New Mexico State & Local Taxes

45



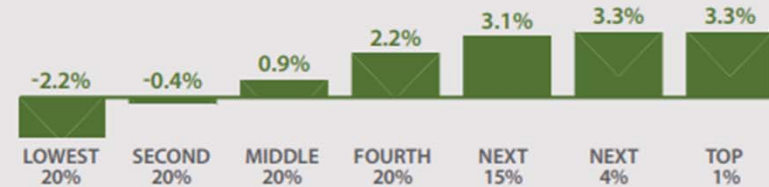
## SALES & EXCISE TAX

Share of Family Income



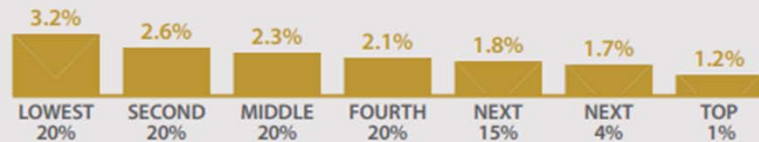
## PERSONAL INCOME TAX

Share of Family Income



## PROPERTY TAX

Share of Family Income



### NOTE:

Figures show permanent law in New Mexico enacted through September 10, 2018 at 2015 income levels. Top figure represents total state and local taxes as a share of income. The 6th edition of Who Pays does not include the impact of the federal deduction for state and local taxes (SALT) because policy changes in the 2017 federal Tax Cuts and Jobs Act temporarily limited the extent to which the SALT deduction functions as a generalized offset of state and local taxes.