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Blue Ribbon Tax Reform Commission Endorses Balanced Plan

SANTA FE, N.M. – The Blue Ribbon Tax Reform Commission today endorsed a balanced and fair tax reform package that cuts income taxes for the lower and middle class, cuts taxes on medical services, makes the income tax more progressive and cuts business taxes to spur economic development, Chairman Jerry W. Sandel said.

The commission, which spent more than five months studying the state's tax system, balanced its recommended tax decreases with recommendations to raise other taxes and fees, including the motor vehicle excise tax, the gasoline tax and vehicle registration fees.

"The tax reform commission's recommendations will make New Mexico a better place to live and work by making the tax system fairer for the middle class while still raising enough money to fix our highways and roads, run our schools and provide other critical services," Sandel said.

The commission's recommendations go to the legislature and the governor, who

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has said he will call a special session of the legislature beginning October 27 to consider tax reform.

Highlights of the commission's recommendations include:

- * \$45 million in income tax relief for low- and middle-income New Mexicans.

Families with incomes up to about \$48,000 a year will receive the tax relief.

- * A \$40 million gross receipts tax deduction for health care providers in an effort to keep doctors and other health professionals in New Mexico, and a repeal of the gross receipts tax on for-profit hospitals so they'll be treated the same as non-profit hospitals.

- * A reduction in the municipal gross receipts tax credit that raises \$29 million for the state general fund.

- * A \$50 million economic development package of gross receipts tax deductions and tax credits.

- * A new tax on the sale of existing homes projected to raise \$20 million for state and local governments.

- * Increases in the motor vehicle excise tax, the gasoline tax and vehicle registration fees, with most of the money raised dedicated to highway and road construction, repairs and maintenance.

- * A series of administrative reforms to make the Taxation and Revenue Department more user friendly.