

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**HOUSE JOINT MEMORIAL 57**

**45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001**

**INTRODUCED BY**

**John Heaton**

**A JOINT MEMORIAL**

**REQUESTING THE INTERIM REVENUE STABILIZATION AND TAX POLICY  
COMMITTEE TO STUDY NEW MEXICO'S STATE AND LOCAL TAX STRUCTURE  
AND DETERMINE ITS ADEQUACY FOR THE TWENTY-FIRST CENTURY.**

**WHEREAS, the past few decades have seen unprecedented  
changes in the way society operates in the new global economy,  
and these changes have occurred most dramatically in  
technology, computers, medicine, telecommunications and the  
retail environment and have changed the way people work and  
live; and**

**WHEREAS, we are witnessing the deregulation of the  
electric and telecommunications industries, the consolidation  
of the banking and financial sectors and the growth of the  
world economies, which affect every aspect of the state and  
its citizens; and**

underscored material = new  
[bracketed material] = delete

underscored material = new  
[bracketed material] = delete

1           WHEREAS, unlike other aspects of our society, the tax  
2 system has changed little from when the state economy was  
3 primarily agrarian; and

4           WHEREAS, New Mexico enacted its first gross receipts tax,  
5 the emergency school tax, in 1935 and the first compensating  
6 tax in 1939, with the current version of the gross receipts  
7 and compensating tax enacted in 1966; and

8           WHEREAS, gross receipts and compensating taxes generate  
9 over forty percent of general fund revenues for the state and  
10 are a significant revenue source for the municipalities in the  
11 state; and

12           WHEREAS, the trend toward purchasing an increasing share  
13 of goods and services through forms of remote commerce that  
14 are not taxable or escape the current gross receipts and  
15 compensating taxes means that the sales of goods and services  
16 that are taxed represent an ever higher tax burden on the  
17 consumers and businesses in the state; and

18           WHEREAS, the traditional nexus for sales or gross  
19 receipts taxation, determined by the courts to be having a  
20 physical presence in the state, is rapidly becoming an  
21 antiquated concept and should be addressed by the United  
22 States congress; and

23           WHEREAS, the Uniform Sales and Use Tax Administration Act  
24 was developed to simplify and modernize sales tax  
25 administration and reduce the burden of tax compliance in

underscored material = new  
[bracketed material] = delete

1 modern commerce and is being considered in the 2001 session of  
2 many state legislatures; and

3 WHEREAS, in 1998 the United States congress passed the  
4 Internet Tax Freedom Act, declared a three-year moratorium on  
5 changes in taxation of internet transactions and created the  
6 national commission on electronic commerce; and

7 WHEREAS, New Mexico and its local governments must adapt  
8 to and harness this inevitable change and use it to improve  
9 the way governments deliver and pay for the public goods and  
10 services that the state's citizens need and demand;

11 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE  
12 STATE OF NEW MEXICO that the interim revenue stabilization and  
13 tax policy committee be requested to study New Mexico's state  
14 and local tax structure, examine its adequacy for the twenty-  
15 first century and determine what changes are necessary to  
16 adapt to the current economic, social, demographic and  
17 technological trends that are overwhelming the current tax  
18 structure; and

19 BE IT FURTHER RESOLVED that the committee in conducting  
20 its study analyze the relationship between state and local  
21 taxing authority and service responsibilities in order to  
22 determine whether the duty to provide services at the  
23 appropriate level of government is matched by the ability to  
24 generate sufficient revenues and examine what other states  
25 have done to assist their localities in raising revenues; and

. 136995. 1

underscored material = new  
[bracketed material] = delete

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

BE IT FURTHER RESOLVED that the committee develop revenue-neutral recommendations for changes in the state and local tax structure that will not increase New Mexico's per capita state and local tax burden and report its findings and recommendations by December 15, 2001 prior to the second session of the forty-fifth legislature; and

BE IT FURTHER RESOLVED that a copy of this memorial be transmitted to the co-chairmen of the New Mexico legislative council and to the chairman and vice chairman of the interim revenue stabilization and tax policy committee.