

Messaging a big budget surplus

Topline message:

You don't wait until it's raining to fix the roof. You fix it when the sun is shining so you'll be ready for the next big rainfall.

Values frame:

- We all want strong communities and a good economy, where people who work hard can get ahead. Some of the building blocks for what we want are good schools, state-of-the-art health care, public safety, and up-to-date infrastructure.
- These public systems benefit all of us, and one of the important ways we invest in them is through our state budgets.
- When our state makes smart investments, we all share in the benefits.

The problem:

- Unfortunately, too many families are hurting because of the pandemic and its recession.
- The pandemic has also been very hard on our health care system – particularly our mental health care system, which was struggling to recover from deep spending cuts before the pandemic.
- Too many of our rural communities lack broadband access, we're still not meeting court-ordered funding requirements for our public schools, and too many New Mexicans still lack access to health care.
- Our economy isn't as strong as it should be. In short, although the worst of the pandemic seems to be behind us, it's not over and we're still struggling because of it.

The revenue boom is not a long-term solution:

- Although revenue is booming right now due to oil and gas production, New Mexico still lacks adequate revenue from stable sources – sources that don't operate on a boom-or-bust cycle like oil and gas.
- Tax breaks for the very rich and for out-of-state corporations failed to produce the jobs we were promised – but they're still on the books today.
- When tax cuts aren't creating jobs, they're just a giveaway to the well-connected that are draining our budget of the funds we need to invest in what we know *does* create jobs – education, infrastructure, health care, and clean energy.

We've been here before:

- We allow high oil and gas revenue to lull us into a false sense of security, so we don't do the hard work of stabilizing our tax system. *OR* Oil booms seem to give us collective amnesia. We forget that the good times never last for long.
- When the oil bubble bursts, our state revenue takes a big hit, and we mostly address it by making big spending cuts on the things that make our economy strong: education, health care, infrastructure, public safety, and more.

The solution:

- You don't wait until it's raining to fix the roof. You fix it when the sun is shining so you'll be ready for the next big rainfall.

- The sun is shining now – oil and gas production is high – so it’s the *best time* to get out there and “fix the roof” by making our tax system more stable. That way, we’re not all washed up the next time it “rains” – oil and gas production falls.

Rebutting common arguments:

Use the money for one-time rebates:

- The best way to use our tax revenue to benefit the people of New Mexico is to invest it in the programs and services in our communities that we know will create jobs and improve our quality of life. We’ll get a better return on our investment by building world-class classrooms, rebuilding our health care system and fully funding the services and infrastructure that have been battered by the pandemic recession.
- Just last year, the Legislature made some big increases in tax credits and rebates that help the New Mexicans who need it the most. Besides helping families, those changes are smart investments because the money goes to people who will spend it quickly and locally – and that’s good for our small businesses and economy. But the money from tax rebates for people who don’t need help often end up parked in savings instead of circulating in the economy.

Cutting the GRT rate:

- While our GRT certainly needs to be fixed, it’s important to look at the whole tax system rather than bits and pieces. We can keep the GRT rate low by making sure the base is broad. But every year we narrow the base by enacting exemptions for special interest groups. We need to take a look at all of those exemptions and repeal those that don’t create the jobs they were supposed to.
- Reforming the GRT alone – without considering the whole tax structure, particularly income taxes – will not get us to a tax system that consistently brings in enough revenue to fund vital services like education, health care and public safety in a way that does not lean even more heavily than it already does on those who can least afford it.

Broadening the GRT base by taxing food:

- Putting the GRT back on food will hurt those New Mexico families who are already hurting the most. SNAP, tax credits and rebates, and other policies to help families dealing with food insecurity do not cover every family that needs them. The only way to protect families from the harm of a tax on food is to not tax food.

Removing income tax from Social Security:

- While this idea is born of good intentions, it actually would mostly only help those seniors who earn the highest incomes. It’s just not targeted – so it almost completely misses the mark.
- The changes we made to LICTR in 2021 were a very targeted, effective way to give low-income seniors a hand. Starting this year, tax day will bring very good news to seniors living on low incomes.