

Martinez tax pledge could lead to what happened in Louisiana

Written by By Patty Lundstorm State Representative, 9th District
Friday, 19 May 2017 00:04



The governor vetoed the entire higher education budget totaling almost \$3 billion, along with the entire budget for the Legislature, to force lawmakers back to Santa Fe for a special legislative session to redo the state spending plan for the budget year that starts on July 1 and to overhaul the gross receipts tax system.

She says she is against raising taxes on New Mexicans but willing to allow some new revenue to support the budget. We've seen "no tax" pledges coupled with deep cuts to higher education in other states and how distressing the combination has been to students, families, and communities.

For years, a number of governors have pitted higher education against corporate and other tax cuts to spectacular and devastating results. This trickle down economic approach has gutted revenues in Pennsylvania, Wisconsin, Kansas and Louisiana, among others. And when it was time to take responsibility and fix the revenue shortfalls, these governors locked themselves into a no tax pledge and instead cut state support for higher education, sticking students with the tab of higher tuition. Sound familiar?

Louisiana, like New Mexico, is challenged by high poverty and low education. Louisiana's former Governor Bobby Jindal enacted massive tax cuts in his state during the oil boom. When the inevitable bust followed, he turned to higher education students to bear the financial brunt of his failed tax policies. A 50 percent drop in state support for higher education was replaced with a massive Jindal-brokered increase in tuition. Even as students and college administrators struggled with the fall out, Jindal bragged that he hadn't raised taxes.

At the end of his term, Louisiana faced another budget crisis. According to school officials at the

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time, Governor Jindal's budget proposal would have cut state spending by another 82 percent and forced layoffs and massive cuts to class offerings and degree programs. When it came time to make hard decisions to compromise with the Legislature to avoid further cuts and raise revenue, such as cigarette taxes, he balked. He insisted on a tax reform concoction that would allow him to say he didn't raise taxes. It involved smoke and mirrors accounting and creating a tax credit that didn't really exist, oddly enough raising revenue but somehow not "taxes." At the end of the day, Louisiana's higher educational attainment fell and now lags at the bottom of national rankings.

Is this happening in New Mexico – strangle and cut higher education funding while advocating for a never-ending string of tax cuts for business? Google "what attracts businesses to an area" and article after article will cite national studies showing businesses are looking for available skilled labor. It's more important to them than the low-tax environment most states and cities emphasize as all or part of their economic development package.

The governor's insistence on "tax reform" to fund higher education next year makes her sound a lot like Bobby Jindal. Conceptually, her proposal has many positives, including broadening the tax base by eliminating a myriad of deductions and credits, many of which have questionable benefits. However, at the same time she wants to give new tax breaks to businesses that could cost anywhere between \$250 million to \$500 million, resulting in very little revenue for the state and minimal impact on the overall tax rate. Reducing the tax rate could help all families and business, not just the ones she picks. Overall the proposal has too much uncertainty; in fact, the bill takes the tax rates out of state law, leaving them to unelected state bureaucrats to calculate.

We can't play political chicken with the higher education budget to enact a tax reform package with so many uncertainties just so the governor can say she didn't raise taxes. Her vetoes – not only of college and university classroom funding but also the funding for special schools for the blind and deaf, the military institute, the cancer center, children's hospitals, the neo-natal intensive care unit and agricultural extension offices – will cost every county jobs and economic development and threaten the health of every New Mexican.

Is the governor willing to endanger New Mexico's higher education system and toss students, parents, and communities into insecurity all to bolster her doggedly determined opposition to tax increases? It is the wrong approach to economic development and a great disservice to the people of New Mexico and our future.

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