



State of New Mexico

Office of the Governor

Governor Bill Richardson Takes Action To Eliminate State Taxes on Food and Medical Services

For Immediate Release
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SANTA FE- Governor Bill Richardson today joined with Speaker of the House Ben Lujan to announce new legislation that will eliminate the state taxes on food and certain medical services.

Here are the Governor's prepared remarks from a Capitol News Conference:

"Today, I am announcing that the Speaker and I are joining together to introduce legislation to eliminate the state food tax and to eliminate the state tax on certain medical services.

I am sending a message to the legislature for the bill to be introduced by House Speaker Ben Lujan to end these regressive taxes.

What does this mean? In the first year alone New Mexicans will pay over \$100 Million less for the food they buy. A family of three with an income of \$45,000 dollars will see its food bill drop by 209 dollars.

The legislation will also provide a tax deduction for all medical services provided under managed care and for outpatient services under Medicare part C.

These two changes will become effective January 1, 2005.

To keep the budget balanced, the decrease in state revenue will be paid for by the repeal of the municipal gross receipts tax credit. The repeal of the municipal gross receipts credit is long overdue. Secretary Goodwin will explain the change.

The net effect of these tax cuts on state revenue will be zero. The net effect on municipal revenue will be zero. The winners will be the people of New Mexico.

This is revenue neutral legislation. All the old excuses have been eliminated. The time to act is now. It is finally time to give New Mexicans the one tax cut they most desire- and today, with Speaker Lujan's support we are going to do it.

I want to end the food tax. The gross receipts tax on the food that goes on the plates of New Mexico families is an unconscionable reach into the pockets of New Mexico breadwinners and a burden on all New Mexican families.

Additionally, the gross receipts tax on payments to physicians and other medical professionals, including nurses, from commercial HMOs should go away. The gross receipts tax is forcing doctors to leave our state, threatening the health and welfare of our communities - particularly in rural New Mexico.

Why should the rest of us care? For the same reason we should care about teacher's salaries. If we can't attract and retain physicians and quality medical professionals to New Mexico, our access to health care will be hurt. It is already occurring in some specialties. We must make certain it doesn't get worse -- and eliminating the gross receipts tax on medical service fees is a giant step in the right direction.

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