



State of New Mexico

Office of the Governor

Bill Richardson
Governor

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Governor Bill Richardson signs food & medical services tax cut

SANTA FE - Governor Bill Richardson today signed groundbreaking legislation that cuts taxes on food and medical services. The tax cut will help thousands of working New Mexico families.

Governor Richardson delivered the following remarks at a news conference:

This is a great day for working New Mexico families. With the help of the legislature, we did a lot during my first year in office to move New Mexico forward. We cut personal-income taxes to help recruit high-wage jobs. We're reforming our schools so our students are prepared for a competitive job market. And we've started the ball rolling on our efforts to increase access to high-quality health care and lower the cost of prescription drugs.

This year we continued on the path to progress. Thanks in large measure to the work of my good friend, House Speaker Ben Lujan, this session will go down as one of the most successful in history. The bill I am signing today is the capstone of our success.

Today, with the culmination of this historic effort to get rid of the tax on food and help recruit and retain high-quality doctors and nurses, we're moving all of New Mexico forward.

Cutting the food tax is the right thing to do. It's the fair thing to do. This is a major victory in my overall commitment to dramatically overhaul New Mexico's tax code. Now, by signing this historic legislation, hundreds of thousands of New Mexicans will

get the tax cut they deserve, elimination of the tax on food, elimination of the “temporary tax” passed in the nineteen thirties.

Make no mistake -- this is a middle-class tax cut. Working families will save hundreds of dollars a year on their food bill. A family earning more than \$28,000.00 a year will save one hundred and fifty six dollars a year on their food bill.

This bill will also help thousands of poor families. Nearly 82-thousand struggling families already receive much-needed help through the federal food-stamps program. But, the food stamp program never provides a family with 100% of their needs. And, according to the Department of Human Services, another 42-thousand families in New Mexico who are eligible for food stamps do not even apply. These people will see a huge savings. The benefit is simple; if you buy food you will pay less. Every family that spends less than thirteen hundred dollars on non-food items for every one hundred dollars they spend on food will see a tax cut. And that is almost every family in New Mexico.

With my signature on this bill, finally, we will never again have to hear that New Mexico is one of only nine states that tax food.

The partisan arguments against this bill ring hollow, which is why fully two-thirds of all New Mexicans support this tax cut. We worked to leave the cities and counties harmless and protect critical services like police and fire protection unlike the Senate version, supported by virtually every Republican, that would have costs the cities and counties hundreds of millions of dollars over time. This legislation is fiscally responsible, which means we will maintain a balanced budget and protect essential funding for schools and health care while we provide much needed reform to our tax system. We achieved our goal.

And let's not forget part two of this bill that ensures that doctors and nurses will no longer flee the state. I pledged during the campaign to cut this tax. Passage of this legislation is the end result of thousands of people working together for years to make sure New Mexico has a quality health care system. We finally did it.

This bill has been endorsed by a broad coalition of New Mexican organizations including AARP, the New Mexico Medical Society, Citizens for Physician Retention, Common Cause and tens of thousands who signed petitions to keep our doctors in the state.

We've sent a clear message to our doctors, nurses, chiropractors, dentists, optometrists, physical therapists and many other practitioners - we respect you and we'll do what we can to keep you in New Mexico. The final bill helps our rural areas where it is particularly important to retain our health care professionals, doctors, specialists and nurses.

There is another annual list I hope to avoid in the near future - the one that shows New Mexico ranking last in terms of retaining doctors and nurses. I'm confident this tax cut on medical services will be a major step forward to ensuring New Mexicans have access to

high-quality physicians, including specialists who will no longer be tempted to move out-of-state for better pay.

Congratulations to everyone who fought so hard to eliminate this tax over the years. I want to especially thank Speaker Ben Lujan for leading the charge to finally end this regressive tax on working families.

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