



# State of New Mexico

## *Office of the Governor*

**Bill Richardson**  
*Governor*

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## **Governor Bill Richardson Proposes \$69 million in Tax Cuts for Working Families, Military Personnel and Job Creation**

SANTA FE – Governor Bill Richardson today outlined a \$69 million tax-cut package designed to put money in the pockets of working New Mexicans, active-duty members of the military and military retirees who embark on second careers.

“The economy is thriving under our economic policies, and I believe we should give some of the extra money we have back to the people,” Governor Bill Richardson said. “We will continue to aggressively cut taxes for working New Mexicans and provide tax incentives to grow our booming economy, which continues to expand and create new jobs.”

Governor Richardson also provided details of tax cuts and incentives that help small businesses, hospitals and entrepreneurs.

Next week, the Governor will unveil additional tax-cut proposals to increase clean energy production, to help make college more affordable and to provide assistance for those adopting special-needs children.

Here are the tax cut and incentives the Governor outlined today:

### **WORKING FAMILIES**

- 1. Working Families Tax Credit** – the centerpiece of the Governor’s tax-cut package, which is modeled after the federal Earned Income Tax Credit. This tax credit will reward work, and help working families—who earn between \$11,000 and \$36,000. As many as 139,000 taxpayers will benefit by an average of \$180 per return.
- 2. Extend Personal Income Tax Cuts** – affecting 370,000 tax returns, or about 720,000 people. This increases eligibility of the \$2,500 per person exemption so individuals earning up to \$40,000 and married taxpayers earning up to \$60,000 can qualify.

### **MILITARY AND MILITARY RETIREES**

- 3. Tax Cuts for active-duty military** – exempting military pay from state income taxes, which means an average of \$1,340 in tax benefit to 7,000 New Mexicans.

4. **Tax Relief for Military Retirees** – allowing a 50 percent deduction of their earned income up to \$50,000 for purposes of the income tax. As many as 12,000 taxpayers would qualify for this relief. We want to attract second-career military retirees to New Mexico.

#### **BUSINESS-ECONOMY**

5. **Reduce Tax Pyramiding** – by cutting a portion of taxes paid on services purchased by small New Mexico businesses.
6. **Gross Receipts Tax Deduction for Hospitals** – Most of the hospitals affected operate in small, rural areas and on the front lines when it comes to caring for those most in need. This tax cut will allow more money that can be invested in local jobs, technology and direct patient care.
7. **Gross Receipts Tax Relief for Mutual Funds** – an incentive for investment management firms to bring well-paying financial services jobs to New Mexico.
8. **Angel Investment Credit** – an incentive for New Mexicans who invest in high-tech, start-up companies.