

Transforming Education: From Birth to Success



Potential Revenue Generators

A number of revenue generating ideas have been discussed over the past several years at the Legislature. The following list provides selected revenue generators for a one-year period in FY12 based on analyses performed by the NM Tax and Revenue Department.

- Roll back the personal income tax cuts of 2003 for filers with incomes more than \$150,000 (the wealthiest 5 percent): **\$246 million**¹
- Increase the personal income tax for filers with incomes more than \$75,000, \$100,000 and \$150,000 per year (depending on filing status): **\$65 million**²
- Require out-of-state corporations to pay taxes on the profits they make in New Mexico (aka mandatory combined reporting): **\$32 million**³
- Increase the gross receipts tax (New Mexico's sales tax on goods and services) by one-quarter of a percent: **\$127 million**⁴
- Add a dime-a-drink tax on alcoholic beverages: **\$43 million**⁵
- Increase the payout of the state's Land Grant Permanent Fund by 2 percent: **\$180 – \$200 million**⁶
- Borrow against the state's Land Grant Permanent Fund: estimates range from **\$180 – \$240 million** plus interest
- Increase property taxes statewide by one mill (which equals \$1 for each \$1,000 of a property's assessed value): **\$46 million**⁷
- Extend the compensating tax to Internet sales by businesses with a physical presence in New Mexico: **\$13 million**⁸
- Cut the deduction for capital gains income in half (from 50 percent to 25 percent), most of which goes to New Mexicans earning more than \$200,000: **\$37 million**⁹
- Increase the excise tax on the sale of motor vehicles from 3 percent to 6 percent: **\$154 million**¹⁰
- Repeal a coal surtax exemption: **\$22 million**¹¹

- Collect a new tax on diesel fuel: **\$69 million**¹²
- Transfer .25 percent of severance tax to Emergency School Tax Rate: **\$24 million**¹³
- Add graduated tax rate on oil and gas for Emergency School Tax Rate: **\$123 million**¹⁴

References

1 General Fund Revenue Update and Outlook for 2010 Legislative Session, Legislative Finance Committee, January 10, 2010

2 Final Report of Governor Richardson's Budget Balancing Task Force, December 21, 2010, option 15b for FY12, page 68; http://www.tax.newmexico.gov/SiteCollectionDocuments/Tax-Library/Tax-Policy-and-Revenue-Program-History/Presentations-and-Reports/FY10-Presentations/finalreportofgovsbudbal_12_21_09.pdf

3 Ibid, option 19, page 81

4 Ibid, option 1a, page 8

5 Ibid, option 14c, page 61

6 Based on 2 percent of 5-year rolling average of the Land Grant Permanent Fund as published in annual reports by the State Investment Council

7 "Property Taxes and Funding Public Schools," NM Voices for Children, November 2010, based on NM Tax and Revenue documents

8 Final Report of Governor Richardson's Budget Balancing Task Force, December 21, 2010, option 3, page 13

9 Ibid, option 16c, page 71

10 Ibid, option 9c, page 31

11 Ibid, option 26, page 121

12 Ibid, option 7b, page 24

13 Ibid, option 23a, page 107

14 Ibid, option 24a, page 108