

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
2000**

INTRODUCED BY
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A JOINT MEMORIAL

REQUESTING THE INTERIM REVENUE STABILIZATION AND TAX POLICY
COMMITTEE TO STUDY NEW MEXICO'S STATE AND LOCAL TAX STRUCTURE
AND MAKE RECOMMENDATIONS FOR CHANGES IN THE TAX STRUCTURE AND
TAX POLICY THAT WOULD STIMULATE THE ECONOMY AND FOSTER A PRO-
BUSINESS TAX CLIMATE.

WHEREAS, New Mexico's tax structure and state tax policy
are the product of an economy based on agriculture and
natural resources and are not designed for our current fast-
changing global economy, which is being driven by the
technology, computer and telecommunications sectors; and

WHEREAS, the growing extent of e-commerce through the
internet and on the world wide web, both by individuals and
between businesses, is already eroding the state's tax base
and municipal revenues; and

WHEREAS, New Mexico's broad-based gross receipts tax,
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1 which taxes services and necessities such as food and
2 medicine, is particularly burdensome on the growing business
3 service sector, which includes software development and
4 research- and technology-based businesses; and

5 WHEREAS, the vast majority of businesses and employers
6 in New Mexico are small and rural and are both particularly
7 vulnerable to higher tax burdens and to the loss of business
8 from the expansion of e-commerce and other remote commerce;
9 and

10 WHEREAS, New Mexico's tax policy needs to be responsive
11 to the state's economic development needs, both supporting
12 the expansion and well-being of existing businesses and
13 stimulating the relocation of new businesses and industries
14 into the state, particularly those in the growing technology,
15 computer and telecommunications sectors; and

16 WHEREAS, an examination of the tax structures and tax
17 policies in states that have been successful in developing
18 and attracting software development, technology, computer and
19 telecommunications businesses would be particularly helpful
20 in determining what changes in tax structure or tax policy
21 would be most productive;

22 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
23 STATE OF NEW MEXICO that it request the interim revenue
24 stabilization and tax policy committee to examine the state's
25 tax policy and the state and local tax structure to develop a
state tax policy that supports and promotes economic
development and to propose changes in the tax structure that

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will stimulate the economy, encourage businesses to expand and relocate in New Mexico and provide a pro-business tax climate that fosters new jobs and economic developments; and

BE IT FURTHER RESOLVED that the interim revenue stabilization and tax policy committee report its findings and recommendations by December 15, 2000 to the first session of the forty-fifth legislature; and

BE IT FURTHER RESOLVED that a copy of this memorial be given to the New Mexico legislative council and the chairman and vice chairman of the interim revenue stabilization and tax policy committee.