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Tax increases approved, and opportunity to build new energy economy is blocked

Santa Fe, NM- Today, House Democrats passed a massive tax increase on middle class New Mexicans in an effort to increase the Working Families Tax Credit and Low Income Tax Rebate. HB 291 increases taxes by \$80 million dollars, one of several tax increases moving through the Legislature this session that could raise as much as \$500 million. House Republicans offered an alternative that would have provided the same increase to the WFTC and LICTR without raising taxes on hard working New Mexican families. The Republican alternative, offered by Representative Larry Scott (R-Hobbs), would have required non-fossil fuel energy producers to pay instead of New Mexico Taxpayers.

“As it is the public policy of the State to reduce reliance on the revenue generated by the petroleum industry even as this is the main economic drive of the State economy, solutions must be found to replace this lost revenue,” said Rep. Larry Scott (Hobbs). “Wind and solar operations do not pay the equivalent of a severance or production tax and the \$1.00 per megawatt-hour tax on these operations would not burden New Mexicans.”

Rep. Scott’s floor substitute would have provided a “new energy economy” for New Mexicans. Currently, renewable corporations are receiving tax breaks and incentives to build operations in New Mexico, without any real plans for tax policy as the industry grows. As the state begins to ramp down oil and gas, the main economic driver of the state’s economy, solutions must be found to replace the lost revenue arising from dismantling the industry. The vast majority of wind and solar operations do not power New Mexico homes, and the 1% tax on their operations would not burden New Mexicans.

The floor substitute that would have created a new energy economy in NM was defeated. And, HB291 passed the House on a vote of 42-27.

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