



Office of the Governor

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Governor announces plan to cut gross receipts taxes

Legislative priority will save New Mexicans \$145 million annually

ALBUQUERQUE – Gov. Michelle Lujan Grisham on Wednesday, speaking at an economic development event, announced that she will pursue a statewide cut in gross receipts taxes, the first in decades, as part of signature legislative agenda items for the upcoming 2022 session, a measure that will save New Mexico families and businesses an estimated \$145 million annually, or about \$1.5 billion over 10 years.

The governor's initiative will comprise a statewide 0.25 percent reduction in the gross receipts tax rate, lowering the statewide rate to 4.875 percent. This would be the first change in the statewide gross receipts tax rate since July of 2010, when the rate increased from 5 percent to its current 5.125 percent.

According to the Taxation and Revenue Department, New Mexico has not decreased its statewide gross receipts tax rate since 1981, making the governor's proposed cut, when enacted, a first in 40 years.

Akin to a retail sales tax, gross receipts tax is levied on all persons engaged in business in New Mexico, which is why a statewide cut will positively impact New Mexico families and businesses across the state.

"Cutting gross receipts taxes for the first time in decades will put more money in the pockets of New Mexico families and businesses," said **Gov. Lujan Grisham**. "We have the tools to continue building long-lasting economic success – we just have to be bold enough to use them."

The governor made the announcement in an address at the Albuquerque Economic Forum, where she also discussed New Mexico's economic strength, including record exports and 4 percent overall growth over the past two years.

In addition to the proposal to cut gross receipts taxes, the governor has previously delivered a personal income tax rebate to hundreds of thousands of front-line and low-wage workers and enacted expansions of both the Working Families Tax Credit and the Low-Income Comprehensive Tax Rebate, effectively slashing taxes for New Mexico working families.

“New Mexico’s gross receipts tax rates have been increasing for decades, making pyramiding worse, burdening our households and rendering our small businesses less competitive,” said **Richard Anklam**, president and executive director of the Tax Research Institute. “A reversal of that trend benefits all New Mexicans.”

“Reducing the gross receipts tax rate will provide valuable tax relief to New Mexico families and businesses, while adding a competitive advantage for New Mexico businesses,” said Taxation and Revenue Cabinet **Secretary Stephanie Schardin Clarke**. “New Mexico recently expanded its gross receipts tax to include internet sales. That new revenue source paves the way to lower the gross receipts tax rate for the prosperity of all New Mexicans.”

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