

A Candidates' Guide to Improving New Mexico Economically, Educationally, and Constitutionally

By Paul J. Gessing
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The 2024 legislative session is in the books. It is time to turn our attention to the 2024 election in November. All 112 members of the Legislature are up for election, and aside from the presidency, voting for legislative candidates is the most impactful vote cast in this election.

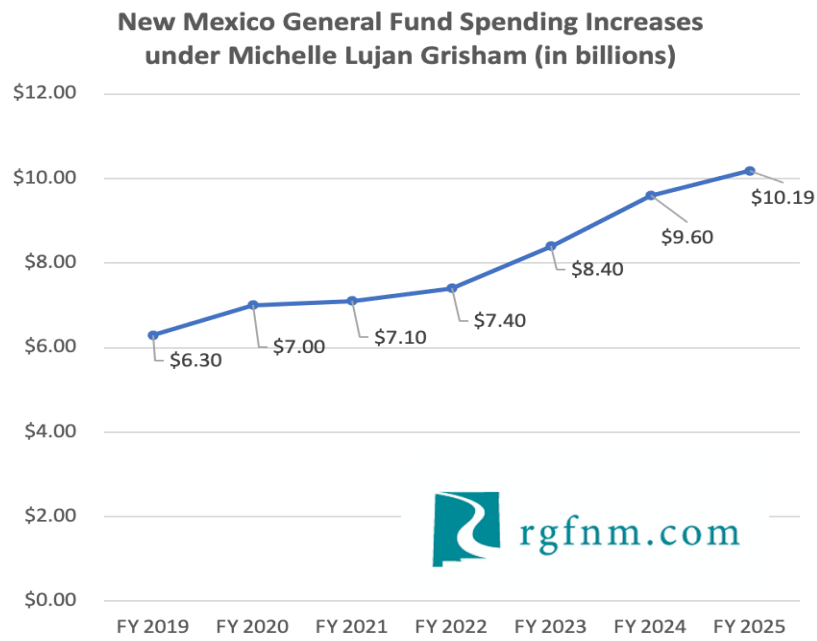
We recommend that ALL candidates running for office sign the Americans for Tax Reform “No New Taxes” pledge. The Pledge can be found at: <https://www.atr.org/take-the-pledge/> With New Mexico government having grown massively in recent years thanks in part to massive oil and gas surpluses, raising taxes is hard to justify.

Here is a brief guide to some of the most critical issues that legislative candidates and those voting for them must consider, along with details and links to critical information that can be used throughout their campaigns for New Mexico’s Legislature. Of course, the information is also useful for the non-candidate.

Economy/Spending: New Mexico is amid an unprecedented (for any state) oil and gas boom. The New Mexico Oil and Gas Association recently [released information showing that oil and gas generated \\$7.5 billion for the State General Fund in FY 2023 and another \\$6.4 billion in non-general fund money.](#)



As seen in the chart below, \$7.5 billion is more than the entire FY 2022 budget, which has grown rapidly in recent years thanks to the ongoing oil and gas boom and the lack of restraint of the Legislature and Gov. Lujan Grisham.



Now is the time to make necessary reforms to the State’s economic structure to bring prosperity and diversify the economy. The tax revenues available to lawmakers in Santa Fe could easily be used to take bold economic steps to improve and diversify the New Mexico economy. It is morally imperative that New Mexicans share in the revenues being generated by the ongoing oil and gas boom. \

- 1) GRT reform/reduction:** New Mexico’s gross receipts tax is complicated and is typically borne by small businesses that contract with service providers (like accountants) who must pay the tax when a full-time employee or a similar transaction in another state would not be taxed.

The harm associated with this tax is widely recognized. In 2023’s “tax omnibus,” the Legislature [specifically exempted medical providers from the GRT](#) as a means of alleviating a medical provider crisis in New Mexico. The provision was one of just four to avoid the Gov.’s veto pen.

The GRT must be reformed to resemble a sales tax. This was most clearly introduced in the Legislature on a bipartisan basis in 2023 as [HB 367](#). One important consideration is how to make local governments “whole” from the loss of revenues under this reform mechanism. [Reform died in 2023](#) in part due to the lack of a [“hold harmless”](#) or other mechanism to preserve local government budgets.

The GRT rate should ALSO be reduced, but this is a secondary priority to reform. Reducing rates does little good if the complexity and service taxation inherent in our GRT is not addressed. Reducing the rate of the GRT would spur economic growth and is [“progressive” tax policy](#) which can counteract leftist opposition to tax reduction.

- 2) Broader tax reform:** New Mexico policymakers should reduce to the point of eliminating its personal income tax, corporate income tax, and capital gains taxes. Sadly, even in the midst of a \$3.5 billion surplus, during the 2024 legislative session, [HB 252](#) instead raised both the corporate and capital gains taxes.

New Mexico's personal income tax generates approximately \$2.4 billion annually. But according to the Tax Foundation, states without an income levy grew at twice the national average over the past decade, while gross state product grew 56 percent faster in those locations over the same period. Even if New Mexico were to join Texas and other economically successful states with no personal income tax, the State would have adequate revenues and would immediately begin to diversify and grow its economy.

3) Regulation: Numerous regulations are on the books in New Mexico, which hold it back economically, but candidates should focus on these:

- **EV Mandates:** The Gov.'s headlong push to mandate EVs is NOT popular, according to national polling data (relating to similar policies). Thanks to regulations adopted by New Mexico's unelected Environmental Improvement Board this fall, 43% of new vehicles sold in New Mexico by the summer of 2026 will have to be EV's. That number will jump to 82% by 2032. This is happening at the same time as manufacturers and the media are grasping the reality that EV's are NOT popular and are certainly not a panacea for environmental issues.

New Mexico candidates should emphasize the need to have the Legislature—not unelected officials appointed by the Gov.—make big policy decisions. Our next Gov. COULD end this policy.

- **Energy Transition Act:** In 2019, the Legislature adopted a bill that closed the San Juan Generating Station and is set to eliminate electricity generation from traditional sources (even nuclear). In the meantime, China is building two new coal power plants per week and massively increasing CO2 emissions (along with India).

PNM has expressed concerns about the stability of our electrical grid due to the unreliability of wind and solar. Prices will go up in New Mexico, as they have in Germany and other nations that have attempted to “transition” to so-called “green energy.”

The Energy Transition Act should be repealed. At the very least natural gas and nuclear need to be added to the energy mix.

- **Right to Work:** While it seems like ages ago, then Gov. Susana Martinez made a concerted effort to make New Mexico a Right to Work state. Such laws simply mean that workers shouldn't be forced to join a union and pay union dues as a condition of employment. Right to Work is extremely popular with Americans.

States with right to work laws (there are 26) score much better on numerous economic factors than states that force workers into unions: Over twice as much job growth, higher levels of disposable income, positive versus negative population growth, and fewer residents on welfare.

- **Davis-Bacon:** New Mexico and several other states have so-called “Davis-Bacon” laws on the books, which artificially increase the cost of “public works” projects. These are taxpayer-funded projects like roads, bridges, schools, and more. [Davis-Bacon laws were originally created](#) to prevent construction companies from hiring non-unionized black workers coming up from the south to work on projects in union-heavy northern states.

Today, such laws are nothing more than a giveaway of our tax dollars to well-connected unions. [A 2022 study found that such laws artificially increase construction costs by more than 7 percent.](#)

New Mexico needs more roads and schools, not union giveaways.

4) Constitutional Liberties:

- **2nd Amendment:** [On September 8, 2023](#), Gov. Lujan Grisham issued a public health order to essentially overturn the “right to keep and bear arms” in Bernalillo County, New Mexico’s most populous county. While Republicans were unified in opposition and [many Democrats spoke out in opposition](#) to this blatant power grab, many did not.

Allowing one person to suspend a numerated constitutional liberty is a shocking overreach. The Legislature should oversee any gun regulations—and that assumes that such regulations pass Constitutional muster.

The courts checked Lujan Grisham’s overreach, but the Legislature should as well.

- **Public Health Orders:** In a constitutional republic, one person cannot and should not be able to dictate public policy for an indefinite period. New Mexico’s public health emergency law was abused during the COVID-19 pandemic by Gov. Lujan Grisham, who [kept the State in a “public health emergency” for over three years](#). It has been proven that many of the policies imposed on businesses, schools, and individuals during the pandemic were ineffective or downright harmful.

Legislation and constitutional amendments have been offered in recent legislative sessions that would give the Legislature a vote on whether or not to continue under a public health emergency after one has been in place for 90 days. Unfortunately, none of those have received adequate attention in New Mexico’s Legislature.

While efforts to restrain executive control should be applauded, the subject matter of the Gov’s anti-gun public health order highlights the need to pass restrictions on exactly when such an emergency can be called. A terrorist attack or a future pandemic would qualify, but “climate change” and crime would seem not to fit.

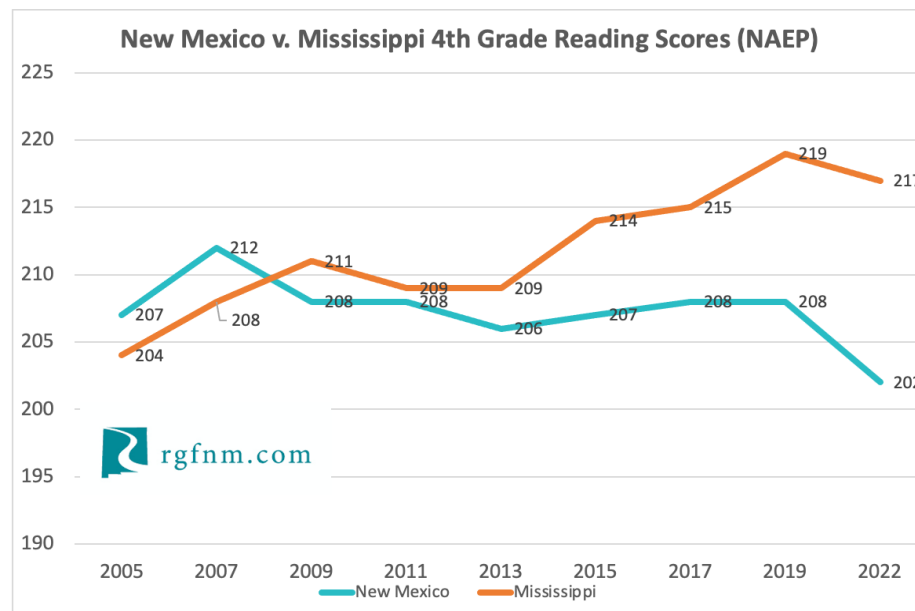
- 5) **Education:** The most comprehensive and realistic data on education place New Mexico dead-last in the entire nation in academic achievement. The [National Assessment of Educational Progress \(NAEP\)](#) tests 4th and 8th graders on reading and math every two years. New Mexico students have always performed near the bottom nationally on this test, but after having been

locked out of their schools for over a year by Gov. Lujan Grisham during the pandemic, New Mexico students dropped to 52nd overall (dead last). The test included Washington, DC and DoD schools which allowed New Mexico to hit 52nd.

To reform our failed education system, we cannot make perfect the enemy of the good. Successful education reforms of all types must be implemented quickly given the terrible state of education in New Mexico.

- **Mississippi Miracle:** Through a combination of emphasis on early childhood reading, student retention, phonics-based reading education, and other early interventions, [Mississippi has turned around its education system](#). Fourth grade reading has been a particular emphasis.

These policies were actually based in part on “[The Florida Model](#)” that former Gov. [Susana Martinez](#) tried to bring to New Mexico (over the strenuous objections of the [unions](#)). Sadly, Martinez never was able to truly achieve her reforms, but revisiting Florida’s and Mississippi’s successful efforts for implementation in New Mexico is a worthwhile goal.



- **Charter Schools:** Charter schools are public schools, funded by taxpayers. The idea is to create an alternative to the traditional public schools. Charters are some of the most innovative and best-performing schools in the state and nation.

Charters have been attacked by the unions and often union-backed politicians ([including Gov. Lujan Grisham](#)). So, while New Mexico is lucky to have charter schools, they can and should be more fully embraced by our political leaders.

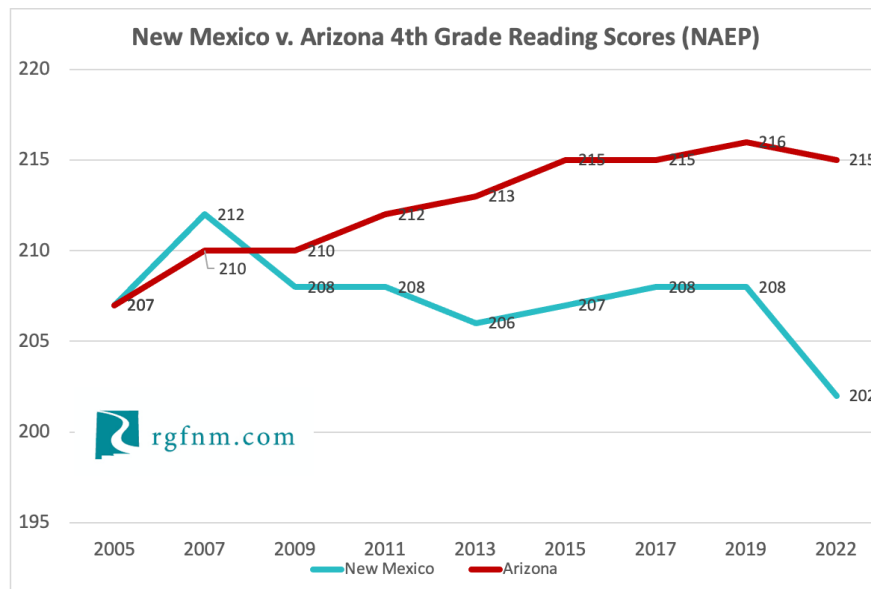
Here are two national “report cards” on charter schools: [Center for Education Reform](#), which gives NM a “low-C” grade, and the [National Alliance for Public Charter Schools](#), which ranks New Mexico’s charter law 29th in the nation overall.

New Mexico should end the attacks on charter schools and remove rules that make it difficult for charters to expand within the state and provide options for students and families.

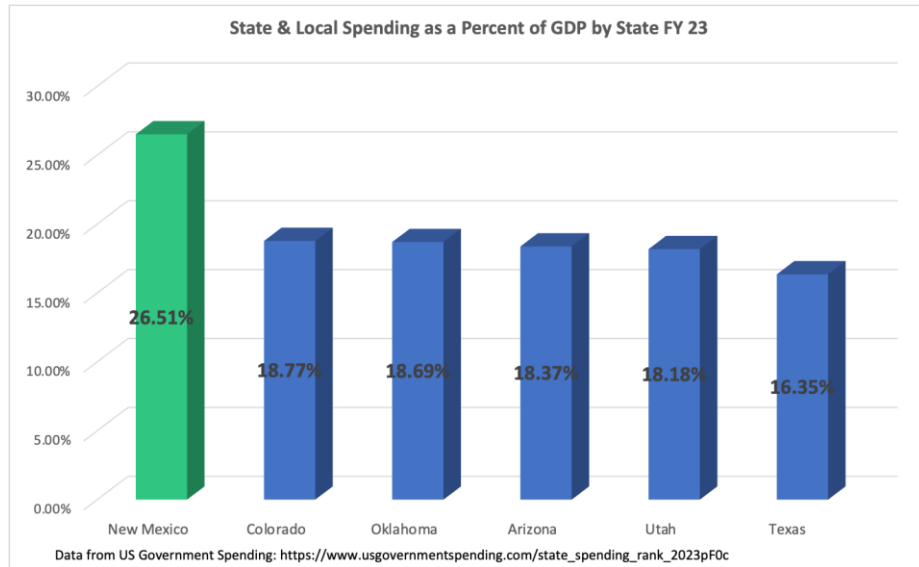
- **School Choice:** The best solution to New Mexico’s education woes is to allow the money to follow the student. This may seem far-fetched given the State’s current “blue state” status, but it is the best way to solve New Mexico’s education woes.

Currently, [13 states \(including neighboring Arizona and Utah\) have Education Savings Accounts \(ESA’s\)](#), and the list is expanding quickly. ESAs allow a certain portion of State education funding to follow the student to pay only for educational expenses that tailor an education to their children’s specific needs.

New Mexico desperately needs to join the long and growing list of states that empowers families to choose the educational options that make sense for them. While Arizona’s universal ESA program only began in 2022, the State has long led on educational choice issues (with [robust tax credits](#), a targeted ESA, and a robust charter school law) and has dramatically improved educational outcomes relative to New Mexico’s.

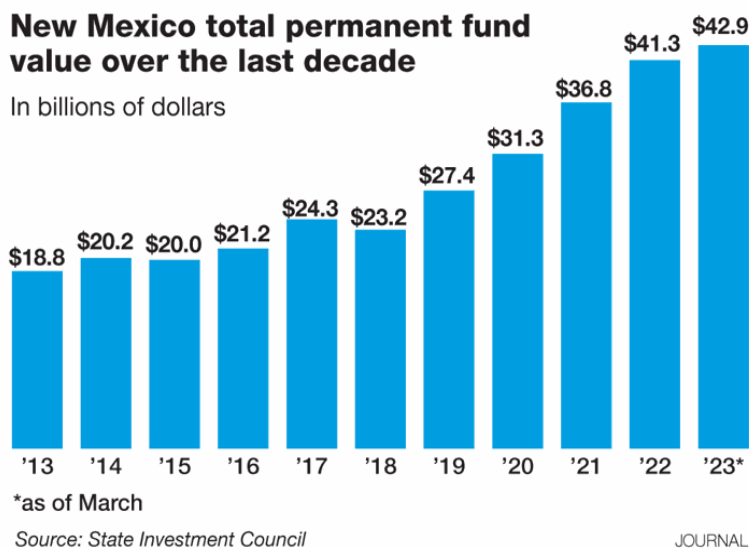


- 6) **Government Spending:** The New Mexico government holds onto and consumes massive amounts of money. Even before adjusting for its relatively low cost of living, the [New Mexico government is quite large](#). It has grown dramatically since the data below from the [Tax Policy Center](#) were collected (the Legislature adopted the FY 2025 budget this year).



Additionally, New Mexico has a massive amount of cash on hand for future spending thanks to its “permanent funds,” which are generated by oil and gas, and hold a mind-blowing \$43 billion. When taken together, New Mexico has some of the largest sovereign wealth funds in the world. These funds represent deferred government spending.

In a state with so many pressing needs and such widespread poverty, New Mexico policymakers should focus on developing and diversifying its economy, not putting money aside.



Conclusion: The Rio Grande Foundation encourages legislators regardless of political party to use this information as they run for office and ultimately serve in Santa Fe. To set up a meeting to further discuss these issues, please reach out at development@riograndefoundation.org or 505-264-6090.