

BIG CORPORATIONS MUST PAY THEIR FAIR SHARE

WHEN BIG CORPORATIONS GET A BIG TAX CUT, HARD-WORKING NEW MEXICANS MUST PICK UP THE SLACK

SUPPORT HB 247 & SB 335



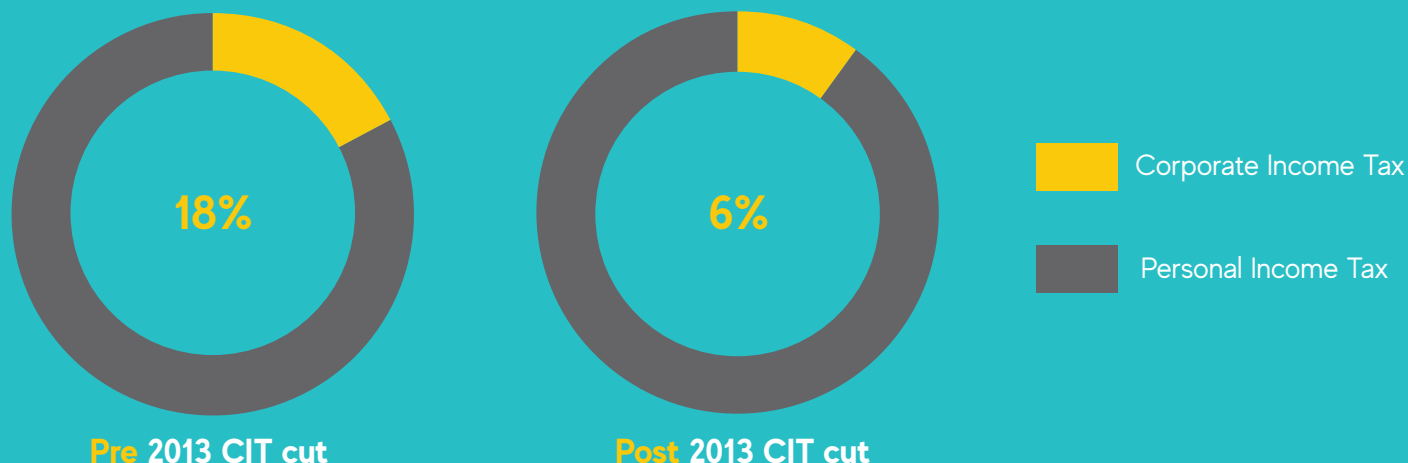
NEW MEXICO
VOICES
FOR CHILDREN

New Mexico has a lot to offer, and everyone – businesses and individuals – should be responsible for paying their fair share for using New Mexico’s land and water, roads and bridges, and public services.

THE PROBLEM

- After corporate taxes were slashed in 2013, New Mexico started losing as much as \$200 million each year. That was revenue New Mexico could have invested in the programs and services that help create jobs and build a strong economy by ensuring a healthy and educated workforce, improving public safety, and modernizing our infrastructure.
- Cutting corporate taxes is a poor economic development and job-creation strategy. That’s because corporations base location decisions mostly on whether a state offers a growing market for their goods, a well-trained workforce, modern infrastructure, and a quality of life that makes people want to live there.
- When corporations are not paying their fair share in taxes, there’s less money to invest in these resources and services that actually draw businesses to the state.
- These tax cuts mean that not only have hardworking New Mexicans been bearing more of the responsibility for paying for the resources and services that businesses and people both use, but they’ve also had to shoulder a larger share of the state’s income tax revenue. Corporate income taxes (CIT), as a share of all income taxes paid, averaged 18% in the decade leading up to the corporate tax cuts. But it’s only averaged 6% these past few years, even without the tax cuts fully phased in.

Corporate income taxes make up a smaller slice of the income tax revenue pie





Fair tax rates alone will not ensure that corporations are paying their share. **Mandatory combined reporting will help.**

THE PROBLEM

- In addition to the big tax cut, loopholes in state tax law allow many large, multistate corporations to avoid paying income taxes on the profits they earn here.
- Using this loophole, multistate corporations shift their profits out of New Mexico and to subsidiaries in states with low – or no – income tax.
- When the big guys are allowed to do this, our local businesses are at a competitive disadvantage.

THE SOLUTION

- Enacting **mandatory combined reporting** would help nullify this tax-dodging strategy by treating large corporations – like big-box retailers, banks, and many chain restaurants – operating in multiple states as a single corporation for tax filing purposes. Then all the profits of the various branches and subsidiaries are added together to determine which profits – and therefore, income taxes – belong to which state.
- Most states – including Colorado, Arizona, Utah, and Texas – have already enacted combined reporting, so it won't put us at a competitive disadvantage.

THE BOTTOM LINE

It's time to raise corporate tax rates and enact mandatory combined reporting so big corporations are paying their fair share.

Contact: Bill Jordan, Senior Policy Advisor & Government Relations Officer • bjordan@nmvoices.org • (505) 350-3097

GET INVOLVED

For more information visit StrongerNewMexico.org

For more information on CIT, visit www.nmvoices.org

#StrongerNM

