

# ***Tax Matters***

*The Newsletter of the New Mexico Tax Research Institute*

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## **IN THIS “SINE DIE” LEGISLATIVE SESSION ISSUE OF TAX MATTERS:**



- **Tax-pectations for the Session**
- **List of Tax Related Legislation**
- **Don't Forget the Principles**
- **HOLD THE DATE – NMTRI Annual Tax Policy Conference May 2-3 at the Hotel Albuquerque**
- **Knick Knacks**
- **Tax Quotable**

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## INTO THE LEGISLATIVE SESSION – IT BEGAN - JANUARY 15, 2019



The 2019 Regular Session of the New Mexico Legislature convened at noon on Tuesday, January 15, and ended at noon (or somewhere thereabouts) on Saturday, March 16. The deadline for bill introduction was February 14. Legislation not acted on by the governor is pocket vetoed on April 5. The effective date of legislation that's not a general appropriation bill, a bill carrying an emergency clause or other specified effective date takes effect

on June 14.

Being a “long” or 60-day “budget” session, non-budgetary legislation and items not related to the budget were fair game for introduction and were not limited by the call of the Governor. It was an interesting time. There was still talk of tax reform, and the Governor wanted to address numerous issues. The fiscal crisis was over for the moment – mostly thanks to very strong oil prices and production in the Permian. Still there was plenty to fight about and money to fight over – and they did do plenty of that. Of course, their primary job – developing a budget and funding the government – did happen as always – this year to the tune of \$7.1 billion.

New Mexico has an uncompensated volunteer legislature comprised of a 70 member House of Representatives and a 42 member Senate. Legislative sessions alternate between 30-day budget related sessions in even numbered years, and unconstrained 60-day sessions in odd-numbered years.

Click [here](#) to see the daily bill locator on the legislative website. We have our own list of passed tax related legislation below.

The Legislative Council Service maintains copies of bills, compiles locators, and publishes lists of bill conflicts during the course of the session. Most information is available in a timely and electronic fashion from their rather robust website, which can be reached at the legislature's website <https://www.nmlegis.gov/>. The site has become increasingly functional and reliable over time. Information is reasonably up to date and legislation can be easily followed from home.



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### Tax-pectations for the Session

The 60-day legislative session is underway. In addition to a new year, we have a new governor, Michelle Lujan Grisham, and lots of new House members – mostly Democrats following the blue wave that hit many parts of the country in November. The Senate was not up for election, however the Governor appointed Gabriel Ramos to replace Lt. Governor, Howie Morales. Also, Sen. Cisco McSorley resigned recently to become the Director of

Probation and Parole Division of the Department of Corrections. He was replaced by the gubernatorial appointment of former CD1 congressional candidate Antoinette Sedillo Lopez.

Rep. Brian Egolf remains the top-dog in the House as Speaker, however changes in post-election composition of the House necessitated many changes in House committee chairs. Rep. Jim Trujillo remains House Taxation and Revenue Committee Chair, and Rep. Patricia Lundstrom remains chair of the House Appropriations and Finance Committee. Members voted Rep. Jim Townsend as Minority Leader, with Rep. Rod Martinez remaining as Minority Whip.

The Senate leadership remains as it was, with Sen. Mary Kay Papen as President Pro-Tem, Sen. Wirth as Majority Leader, and Sen. Ingle as Minority Leader. Committee chairs are also as they were, beginning with Sen. John Arthur Smith presiding over the Senate Finance Committee and Sen. Clemente Sanchez at the helm of the Senate Corporations and Transportation Committee.

Although oil prices declined recently and have bounced around as they tend to do, the general fund revenue forecast is still bullish and calls for over \$1.1 billion in “new money” available for appropriation in the upcoming year – a 17% increase over the current. Collections in the prior and current year will also be above forecast, resulting in plenty of money to provide for sufficient reserves and for additional one-time expenditures to restore fund balances, catch up on needs, etc. The December consensus revenue estimate can be found on the LFC website [here](#). You can read the mid-session update [here](#) on the LFC website... it left the revenue forecast from December – and what could be used for purposes of appropriation and budget – unchanged.

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## What Happened this Week



The 2019 first legislative session ended, mercifully, at noon yesterday (Saturday). There were 695 House bills and 675 Senate bills introduced, for a total of 1360 bills, and that didn't include memorials and resolutions. As tax bills go, we tracked 62 House and 53 Senate tax related bills, for a total of 115. In the end, nineteen tax bills passed (eight from the Senate, and eleven from the House). Remember, the legislative process is designed to keep legislation

from happening, and not the other way around. That's not a bad thing, as there are generally more bad ideas than good... especially when it comes to tax proposals. Ineffective and irresponsible proposals are as common as opinions. That can of course be frustrating for those proposals we view as good. Remember the list of “good bills” released from the table in the House Taxation and Revenue Committee? There were twelve. Only one of those passed, if you don't count a Senate companion piece of legislation.

So What the Heck Happened?

The Governor did sign two new bills last week: those were Chairman Trujillo's [HB 162](#): *Insurance Premiums Tax Provisions*- which makes the Insurance premiums Tax – now administered by the Taxation and Revenue Department – subject to the Tax Administration Act (like all other state taxes except the property tax); Senate Majority Leader Stuart Ingles' [SB 16](#): *Milk Testing Gross Receipts* which attempts to clarify a present law GRT deduction such that testing OR transporting milk can be deducted from gross receipts. They join the three bills that were passed and signed several weeks ago: Cisneros' and Rep. Chandler's [SB 11](#): *Gross Receipt for Certain Nonprofit Organizations* – which effectively imposes GRT on any nonprofit laboratory prime contractor/operator (and would therefore apply to the new LANL contractor, Triad, if it were to become a 501(c)(3)). It was amended to make it less discriminatory, and less susceptible to challenge under the federal intergovernmental immunities doctrine, by extending the exemptions exclusion to include receipts of any state 501(c)(3) for managing state owned research laboratories.; Candy Ezell Spence's *Enviro Services Gross Receipts Uses* ([HB 257](#)), which will broaden the use of the gross receipts tax increment for municipal environmental services to be applicable to disposal of demolition debris for use in storm water runoff control, and expands the base of those that can impose it to communities with property tax values in 2008 in excess of \$600M versus \$750M; and Sen Sapien's [SB 106](#), which, for purposes of the occupancy tax imposed by municipalities pursuant to the Lodgers Tax Act, eliminates the exclusion for vendors who have three or fewer units.

Bills passed previously and still awaiting signature are Rep. Harper's [HB 479](#): *De-Earmarking Local Option Gross Receipts*, which would consolidate certain municipal and county local option gross receipts tax increments, but expands their use to general purpose and leave the portion subject to voter approval versus not - the same; and Rep. Akhil, Harper, Chandler and Sanchez' [HB 526](#): *Lab Small Business Tax Credit Changes*, which expands the definition of “contractor” to include 501(c)(3) organizations and increases the cap on the amount of credit that be award in rural and urban areas from \$10K to \$20K. It also increases the aggregate credit a taxpayer may receive in a rural area from \$20K to \$40K a year; HTRC Chairman Jim Trujillo's [HB 163](#): *Tax Deduction for Nonresident Beneficiary* - which creates a deduction from trust income for the portion of income set aside for distributions to non-New Mexico beneficiaries; and the Chairman's and Rep. Herrera's [HB 411](#): *Local Gov't Tax Distribution Definitions*, which amends the definition of “average distribution or transfer amount” to mean the average *monthly* amount distributed to a city or county in the prior 36 months, or the average *monthly* amount distributed in the prior twelve months if the muni or county hasn't had distributions for 26 months or more.

We mentioned that only one of the “good bills” that carried fiscal impacts and left the table in HTRC a week and half ago made it to the Governor's the desk. That bill was Rep. Sweetser's [HB 165](#): *Modifying High Wage Jobs Tax Credit*: which would make significant changes to the present law credit's requirements including eligibility (JTIP eligibility only), increases the cap on a qualifying wage to \$150K, and reduces the credit percentage to 8.5%. Also, the qualifying job can be eligible for the credit for four years. A Senate version of another good bill also made it through the legislature this year: Sen. Stewart's [SB 413](#): *Liquor Permit, Tax & Definition Changes*, which provides for preferential liquor excise tax rates for cider sold by small wine growers and spiritous liquor sold by craft distillers licensed in NM. Also provides for sales by the drink by such producers at “public” and “private” celebrations. Also, it increases the production limit for microbreweries by ten-fold.

Other bills passing included Sen Munoz's [SB 425: Dept. of Defense Satellite Gross Receipts](#) Which extends from 1/1/21 to 1/1/31 the present law GRT deduction for directed energy and satellite-related inputs for DoD contractors found in 7-9-115 (sometimes called the "Boeing Bill", a principle contractor, along with Raytheon and others, who work on directed energy and satellite related projects for the Air Force Research Labs, who's primary mission are those very two things). There's also Sen Rodriquez's [SB 2 :Film Tax Credit Changes](#) which has a temporary provision to pay \$100M in existing claims in 2019 and \$95M to \$125M the following year depending on GF revenues The cap itself is rolling, going to \$110M, and allowing \$20M of unused cap to be carried forward. Credits paid to a new class of taxpayer, "New Mexico film partners", like Netflix, are not subject to the cap. The proposal also adds 5% to the credit amount for expenses incurred in more rural areas. A property tax proposal in the form of Reps; Rehm and Powdrell-Culbert's [HB 429: Property Tax Limit Increase for Some People](#): also passed. It would increase the income limit for those eligible for the property tax limitation (freeze) for disabled individuals over 65 from \$35K to \$50K of "modified" gross income in tax years 2020 and after. Senator's Candelaria and Ivey-Soto and Rep. Harper also passed their tax administrative hearings proposal in their [SB 129: Tax Protests & Admin Hearing Office](#). It was substantially narrowed through time and discussions with the Taxation and Revenue Department, but still changes a number of provisions in the Tax Administration Act designed to reduce protest volume make informal resolution of disputes easier, faster, and more likely. Lastly, SCORC Chairman Clemente Sanchez' [SB 549: Chemicals and Reagents Gross Receipts](#): would narrow the present law deduction by deleting the provision allowing the deduction for chemicals and reagents in lots in excess of 18 tons and clarifying application to the mining industry.

### *The Tax Package*

This brings us to the ride that was [House Bill 6](#) – the House tax reform package. The House's proposal originally would have done the following: increased personal income tax rates to top rate of 6.5% and changed brackets, repealed the 50% capital gain exclusion, increased cigarette and tobacco products taxes (including e-cigarettes, and oddly, "devices"), increased the motor vehicle excise tax and related registration fees, created a new corporate income tax filing group regime', adopted market based sourcing of sales of services and intangibles for purposes of business income tax apportionment, and with the gross receipts tax, responded to the *Wayfair* decision with economic nexus rules, changes to sourcing rules intended to add local taxes to remote sales while including services in the out of state tax base - and mirroring that tax base with a local option compensating tax regime'. The proposal would also create a dependent deduction intended to offset tax increases to non-itemizing married and head-of-household filers negatively impacted by the federal tax changes in the TCJA and double the state version of the earned income tax credit (from 10 to 20% of the federal benefit). The House proposal would have increased tax revenues into the state general fund by over \$320 million dollars.

But then, the Senate happened. The package was amended/paired down by Chairman Sanchez in his SCORC to eliminate the personal income tax provisions, change the tobacco impositions to be more like his own proposal, reduce the increase in the working families credit from 20% of the federal credit to 15%, and make some technical clean-up and clarifications to the corporate regime'. It also added a deferred (until 2026) ten-year credit against the increase in deferred tax liabilities for public companies, intended to offset negative financial statement impacts as a result

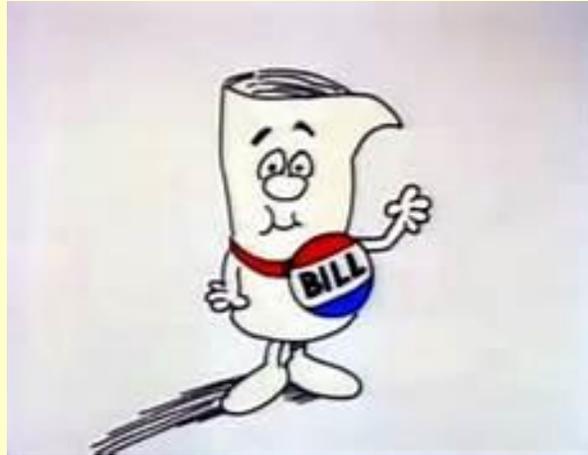
of ASC 740 (formerly FAS 109) required financial statement disclosures (it's often deferred by legislatures to keep it from having a real fiscal impact). And it eliminated increases in motor vehicle fees, and reduced the increase in the Motor Vehicle Excise Tax from 4% to 3.5%. The Senate Finance Committee amendment, in turn, redirected a percent of the MVX revenues to roads. Late Friday afternoon, the Senate passed HB 6 as amended, and sent it back to the House for concurrence. The House failed to concur, and a conference committee convened to settle the difference. In that committee, the motor vehicle excise rate was raised back to 4%, the capital gain deduction was reduced from 50 to 40%, and the a top 5.9% "high-earner" bracket was added taxable income in excess of \$210K for single filers, and \$310K for married filing joint return filers (similar to Rep. Ely's proposal in his [HB 335](#)). Also, a new way of taxing vaping liquid was inserted, and the Working Families Credit was increased to 17% of the federal benefit. The personal income tax increase is contingent on the general fund revenue forecast not exceeding a 5% increase from 2019 to 2020. Both the House and Senate approved the conference committee changes with 15-20 minutes to spare before the session ended at noon. We suspect the Governor will sign the bill into law.

### *What didn't Happen?*

Lots of tax breaks for certain people, professions, cars and green things didn't pass. The money had been spent, especially after HB 6's tax increases were reduced. Extension of the quasi-manufacturing-equipment tax break, in the form of the Investment Credit, didn't get out of the Senate.

*[NMTRI note: there was something for everyone to love or hate in the results of the session. Those who wanted to see taxes go up got their wish, although not to the extent they desired. We saw fewer giveaways than usual – only meaning they and their lobbyists will live to fight – and get paid – another day. The devolution of our healthcare policy will continue, adding to the Christmas tree of exceptions to healthcare provisions. And there was also a continuation of the proposals for unnecessary and ineffective incentives for various things (and maybe even some useful ones). It's hard to believe we spent so much money, but more than most realize went to pork. The film credit issue turned out as expected – one of the unspoken reasons we needed to raise revenue. Shockingly, we failed, again, to reform our GRT structure. And, while tax rate increases can't really be characterized as reform, the GRT marketplace and destination sourcing changes, as well as the new combined reporting regime' and sales factor market-sourcing changes can be characterized as necessary reform. Yes, there's something for everyone to hate and be unhappy about, but some good things happened too. Thank God it's over. We expect the Governor to sign all the remaining bills into law. And ,we do need to do something about manufacturing equipment if we want to have a normal structure.]*

### **Thanks for Reading**



### **Bills with Passing Both Houses in the 2019 Regular Legislative Session:**

Note – Income Tax bills are effective tax years beginning on or after January 1, 2020 unless otherwise noted. “TYBA” = Tax years beginning on or after. Bills with an emergency clause are effective upon signature if enough votes are obtained. Bills with no effective date Other notes: “CS” indicates committee substitute; “a” indicates amended.

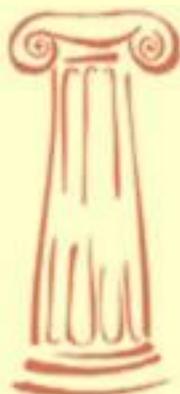
<b>Bill Number &amp; Sponsors:</b>	<b>Title and Link to bill language &amp; Description</b>	<b>Assignments-Location:</b>
HB 6 J Trujillo, Stapleton Williams, Martinez, Herrera, Maestas	<b>Tax Changes <a href="#">HB 6</a></b> The House’s first stab at a tax reform bill. Includes provisions for mandatory combined corporate income tax filing, market base sourcing, remote sales gross receipts taxation with destination based reporting and local option compensating tax (effective in the future), local option compensating tax, hospital taxation, hold harmless changes and GRT repeals, fuel tax and motor vehicle registration increases, and GRT rate reduction.	Passed
HB 162 J Trujillo	<b>Insurance Premiums Tax Provisions: <a href="#">HB 162</a></b> Makes the Insurance premiums Tax – now administered by the Taxation and Revenue Department – subject to the Tax Administration Act	Sgnd by Gov
HB 163 J Trujillo	<b>Tax Deduction for Nonresident Beneficiary: <a href="#">HB 163</a></b> Creates a deduction from trust income for the portion of income set aside for distributions to non-New Mexico beneficiaries. Excluded from the deduction is income that would be subject to NM income tax if earned by a nonresident.	Passed
HB 165 Sweetser	<b>Modifying High Wage Jobs Tax Credit: <a href="#">HB 165</a></b> Makes significant changes to the requirements including eligibility requirements (JTIP eligibility only), increases the cap on a qualifying wage to \$150K, and reduces the credit percentage to 8.5%. Also, the qualifying job can be eligible for the credit for four years.	Passed

HB 257 Ezell	<b>Enviro Services Gross Receipts Uses: <a href="#">HB 257</a></b> Broadens the applicable use of the gross receipts tax increment for municipal environmental services to be applicable to disposal of demolition debris and for use in storm water runoff control, and expands the base of those that can impose it to communities with property tax values in 2008 in excess of \$600M versus \$750M.	Sgnd by Gov
HB 411 J Trujillo, Herrera	<b>Local Gov't Tax Distribution Definitions: <a href="#">HB 411</a></b> Amends the definition of "average distribution or transfer amount" means the average <i>monthly</i> amount distributed to a city or county in the prior 36 months., or the average <i>monthly</i> amount distributed in the prior twelve months if the muni or county hasn't had distributions for 26 months or more.	Passed
HB 411 J Trujillo, Herrera	<b>Local Gov't Tax Distribution Definitions: <a href="#">HB 411</a></b> Amends the definition of "average distribution or transfer amount" means the average <i>monthly</i> amount distributed to a city or county in the prior 36 months., or the average <i>monthly</i> amount distributed in the prior twelve months if the muni or county hasn't had distributions for 26 months or more.	Passed
HB 429 Rehm/Powdr ell-Culbert	<b>Property Tax Limit Increase for Some People: <a href="#">HB 429</a></b> Increases the income limit for those eligible for the property tax limitation (freeze) for disabled individuals over 65 from \$35K to \$50K of "modified" gross income in tax years 2020 and after.	Passed
HB 479 Harper	<b>De-Earmarking Local Option Gross Receipts: <a href="#">HB 479</a></b> Consolidates certain municipal and county local option gross receipts tax increments, but expands their use to general purpose and attempts to leave the portion subject to voter approval versus not the same.	Passed
HB 526 Akhil, Chandler, Harper, Sanchez	<b>Lab Small Business Tax Credit Changes: <a href="#">HB 526</a></b> Expands the definition of "contractor" to include 501(c)(3) organizations and increases the cap on the amount of credit that be award in rural and urban areas from \$10K to \$20K. Also increases the aggregate credit a taxpayer may receive in a rural area from \$20K to \$40K in a year.	Passed
SB 2 Rodriguez	<b>Film Tax Credit Changes: <a href="#">SB 2</a></b> Eliminates the extended payout schedule for credits in excess of certain amounts, eliminates the cap on annual credit payout, makes crediting the state of NM in a film negotiable, eliminates the requirement that certain production information be disclosed on the EDD website, eliminates certain specific information reporting requirements and makes remaining reporting requirements subjective.	Passed
SB 11 Cisneros	<b>Gross Receipt for Certain Nonprofit Organizations: <a href="#">SB 11</a></b> Adds prime contractors of federally designated national laboratories to the list of exceptions to the general gross receipts tax exemption for nonprofits (effectively targeting Los Alamos National Laboratories for taxations under the GRT).	Sgnd by Gov

SB 16 Ingle	<b>Milk Testing Gross Receipts: <a href="#">SB 16</a></b> Attempts to clarify a present law GRT deduction such that testing OR transporting milk can be deducted from gross receipts.	Sgnd by Gov
SB 106 Sapien	<b>Short-Term Occupancy Tax: <a href="#">SB 106</a></b> For purposes of the occupancy tax imposed by municipalities pursuant to the Lodgers Tax Act, eliminates the exclusion vendors who have three or fewer units.	Sgnd by Gov
SB 129 Candelaria	<b>Tax Protests &amp; Admin Hearing Office: <a href="#">SB 129</a></b> Changes a number of provisions in the Tax Administration Act designed to reduce protest volume make informal resolution of disputes easier and faster.	Passed
SB 413 Stewart	<b>Liquor Permit, Tax &amp; Definition Changes: <a href="#">SB 413</a></b> Provides for preferential liquor excise tax rates for cider sold by small wine growers and spiritous liquor sold by craft distillers licensed in NM. Also provides for sales by the drink by such producers at “public” and “private” celebrations. Also, increases the production limit for microbreweries by ten fold.	Passed
SB 425 Munoz	<b>Dept. of Defense Satellite Gross Receipts: <a href="#">SB 425</a></b> Extends from 1/1/21 to 1/1/31 the present law GRT deduction for directed energy and satellite-related inputs for DoD contractors found in 7-9-115.	Passed
SB 549 Sanchez	<b>Chemicals and Reagents Gross Receipts: <a href="#">SB 549</a></b> Narrows the present law deduction by deleting the portion of the section allowing the deduction for chemicals and reagents in lots in excess of 18 tons.	Passed

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**HOLD THE DATE AND MARK YOUR CALENDARS NOW –  
16<sup>TH</sup> ANNUAL NMTRI TAX  
POLICY CONFERENCE IS COMING!**

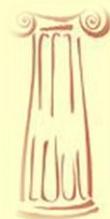


**NEW MEXICO  
TAX RESEARCH  
INSTITUTE**

The Sixteenth (can you believe it?) Annual NMTRI Tax Policy Conference and annual members meeting will be held at the Hotel Albuquerque in Albuquerque May 2-3<sup>rd</sup>. You will be inundated with details shortly, and the registration facility will be open soon! We look forward to seeing you there!

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**DON'T FORGET THE PRINCIPLES**



It's important, particularly when dealing with tough economies, tough decisions, and the emotionally charged subject of taxes, to view the world in the context of principles. Taxes are good in that they raise the money we need to pay for the services we need. They can also be bad if they create inefficiencies, distortions, or inequities. It's a more rational approach to look at our entire tax system rather than getting lost in the weeds focusing only on a particular rate or some item we choose to tax or not tax. We must raise the revenue we need for government (putting aside the debate over how much) while doing the least harm to the economy and to those things we need most (e.g. job creation) while being fair and protecting the most vulnerable in our communities. Accordingly, we've taken the opportunity to reprint our principles of good tax policy here:

State and local taxes **should be adequate** to provide an appropriate level of those goods and services best provided by the public sector, such as education, public safety, law enforcement, streets and highways, and the courts.

State and local tax policy should **do the least harm to the private economy**. Therefore, tax bases should be as broad as possible so that tax rates can be as low as possible in order to raise the necessary revenues.

State and local tax policy should be **fair and equitable towards individuals and businesses similarly situated**. Individuals with the same income level should be taxed the same. Businesses engaged in similar commercial activities should be subject to the same level of taxation.

State and local tax policy **should not be costly to administer and should be easily understood** by taxpayers so as to minimize taxpayer compliance costs.

The state and local tax burden should be **evaluated on the basis of the impact of all taxes** levied on a given taxpayer, not just a single tax or tax rate.

**Deviations from established tax policy in pursuit of economic development, social or other goals should be well-reasoned** and pursued only when established tax policies are not significantly undermined and the results of such deviations can subsequently be measured and evaluated

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## KNICK KNACKS

This week, shamelessly borrowed from the Federation of Tax Administrators newsletter:

### *ST. PAUL'S LETTER TO THE CAROLINIANS: KEEP THE FAITH*

SCOTUS-watchers are waiting to see if the Supreme Court will agree to hear another trust case, this one out of Minnesota. *Revenue v. William Fielding, et al.*, No. 18-664, is related to the *North Carolina v. Kaestner Trust* case, but in some ways, they are direct opposites. North Carolina is taxing income from a New York trust, which has not been distributed, because a beneficiary has a residence in North Carolina. Minnesota is taxing a “resident trust” on 100 percent of its income even though its beneficiaries no longer live in the state. (A contingent beneficiary does, however.) The Minnesota trust was formed under Minnesota law, assets are in a Minnesota bank, and the trust generated the income under dispute when it sold stock in a Minnesota multistate corporation. However, with no beneficiaries still in Minnesota, state courts decided for the taxpayer, saying there was not sufficient nexus between the state and the trust and questioning whether there was a rational relationship between the tax amount and the benefits conveyed by the state. Minnesota has authored the joint state amicus brief in favor of North Carolina, asking the Court to conclude that the trust has nexus in North Carolina in that case.

### *YET ANOTHER WAY TO DEFINE FAIRNESS*

The Institute on Taxation and Economic Policy's new study on state and local tax burden ranks Delaware, Vermont and California as having the least regressive tax systems. The study stressed that states accused of having high taxes, such as Massachusetts and New York, actually demonstrate “modestly regressive” tax structures, while low tax (and no income tax) states like Florida and Texas made the Top 10 list of most regressive tax regimes. Nationwide, the lowest 20 percent income group spent 11.4 percent of income on state and local taxes, and the top 1 percent paid 7.4 percent.

### *AND WE EXTEND TO YOU A LAUREL, AND A HEARTY HANDSHAKE*

Remember those expiring tax extenders? The ones that expired December 31, 2017, so they were not in effect for the 2018 tax year — not eligible to be included on the returns that are being filed this spring? Remember last filing season when Congress shocked tax administrators by retroactively extending a similar batch of expired extenders without notice at the inconvenient calendar date of early February? Guess what the House Ways and Means is working on, here in mid-March. The subcommittee is considering which still-current extenders — provisions that won't expire for 9 more months — ought to be extended beyond the 2019 tax year. Two details of interest: (1) The aforementioned tax breaks that expired in 2017 are still lurking and should be expected to strike at any point. Senate Finance leaders have introduced a bill to extend the 2018 and the 2019 tax breaks. The TY 2018 tax breaks include a deduction for private mortgage insurance and the \$4,000, above-the-line college tuition deduction, so passage at some point seems guaranteed. (2) The reason these expiring extenders are extended every year or two, rather than being permanently passed, is the resulting 10-year revenue estimate would make the federal budget deficit look even worse than it already looks.

### *QUOTE OF THE WEEK*

Kathy Pickering, executive director of The Tax Institute at H&R Block: “You can't claim the extenders if they aren't passed.”

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## **TAX QUOTABLES**

"We stand today at a crossroads:  
One path leads to despair and utter hopelessness.  
The other leads to total extinction.  
Let us hope we have the wisdom to make the right choice."

*~Woody Allen*

"No government can exist without taxation. This money must necessarily be levied on the people; and the grand art consists of levying so as not to oppress."

*~ Frederick the Great, 18th Century Prussian King*

“The Government that robs Peter to pay Paul can always depend upon the support of Paul.”

*~George Bernard Shaw*

“All taxes discourage something. Why not discourage bad things like pollution rather than good things like working or investment?”

*~Lawrence Summers*



**COMMENTS:** Your suggestions and comments on this newsletter, the conferences (past or future), the Distinguished Lectures Series, our research or any aspect of NMTRI's operation and programs are welcome. Please send them to [richard.anklam@nmtri.org](mailto:richard.anklam@nmtri.org), call 505-269-6791 or mail them to P.O. Box 91657, Albuquerque, New Mexico 87199-1657. We genuinely solicit your input and thank you for your support.



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"The power to tax involves the power to destroy" - McCulloch v. Maryland, 17 U.S. 316 (1819), Chief Justice John Marshall.

"Taxes are what we pay for civilized society" Campaña General de Tabacos v. Collector, 275 U.S. 87, 100 (1927), Justice Oliver Wendell Holmes, dissenting.

Join NMTRI today!