

MARK  
**RONCHETTI**  
 ✦ GOVERNOR ✦

**The Mark Ronchetti  
 Economic Recovery and Inflation Relief Plan:  
 Building an Economy that Works for YOU**



Mark Ronchetti’s economic plan calls for **real, sustained relief so that workers keep more of what they earn and our families benefit** each and every year from the natural resources that power our economy.

**Permanent Tax Relief for the Middle Class and Working Families**

The Ronchetti working families tax cut plan would create fairer and simpler tax brackets so that every family receives a permanent tax cut, with the exception of high-income earners whose top tax rate would remain at 5.9%.

**1. More Money for New Mexico Families**

Inflation is crushing New Mexico families. The rising cost of everything from gas and food to vehicles and homes is taking a tremendous toll. And yet, as New Mexicans’ earnings and wage growth are wiped away by higher prices, state government has never been richer. Elites in Santa Fe have used record budget surpluses – fueled by oil and gas production – to grow government to its largest size ever.

**Present Tax Structure**

Under the current system, middle class taxpayers and working families are paying the second highest tax rate on virtually all of their income.

**Present Tax Structure**

<i>Single Filer Returns</i>	<b>Bracket</b>	<i>Married Filer Returns</i>	<b>Bracket</b>
\$0-\$5,500	1.7%	\$0-\$8,000	1.7%
\$5,500-\$11,000	3.2%	\$8,000-\$16,000	3.2%
\$11,000-\$16,000	4.7%	\$16,000-\$24,000	4.7%
\$16,000-\$210,000	4.9%	\$24,000-\$315,000	4.9%
\$210,000+	5.9%	\$315,000+	5.9%

## Ronchetti Tax Plan

Thousands of current taxpayers – all low-income earners – would pay zero income tax under the plan. **The average low-income worker earning between \$25,000 and \$50,000 would have their income tax bill cut by more than half**, saving up to \$750 per year.

A family with two-earner gross income of between \$75,000 and \$100,000 would save up to \$1,800 annually, cutting their yearly tax burden in half. A middle-class family with slightly higher gross income (\$100,000 to \$200,000) would have its tax burden cut by more than a third, with annual savings of up to \$2,500 per year.

## Gross Receipts Tax Cut for Consumers

The cost of living is too high and inflation is out of control. **New Mexico's high gross receipts tax rate only makes things worse**, raising prices on goods and services across the state. Unlike the Governor, who wants to just reduce the GRT by a token amount in an election year, we need to commit to long-term relief by reducing it year after year.

- Mark's plan would cut the gross receipts tax rate EVERY YEAR by between 1/8% and 1/2%, depending upon available revenue. Future rate reductions would be built into budget plans and projections.
- **Any city or county that wants to raise its gross receipts tax rate would be required to seek voter approval** in order to do so.

### Ronchetti Tax Plan

<i>Single Filer Returns</i>	<i>Bracket</i>	<i>Married Filer Returns</i>	<i>Bracket</i>
\$0-\$10,000	0%	\$0-\$20,000	0%
\$10,000-\$40,000	2.9%	\$20,000-\$80,000	2.9%
\$40,000-\$80,000	3.9%	\$80,000-\$160,000	3.9%
\$80,000-\$210,000	4.9%	\$160,000-\$315,000	4.9%
\$210,000+	5.9%	\$315,000+	5.9%

## 2. Oil and Gas Annual Rebate (OGAR)

New Mexicans should share in the significant revenue contributions of the energy industry – in a predictable, recurring way. It's surplus money that should be put to use by the people, not squandered by bureaucrats in Santa Fe creating new government programs. When the oil and gas industry does well in New Mexico, taxes from the industry go into the black hole of the state government budget. Hardworking taxpayers should benefit directly from a healthy, strong energy industry.

- Every New Mexican, regardless of age, **would receive \$100 for every \$1 billion the state receives** in oil and gas revenue each year.
- At current oil and gas production and budget surplus levels, **this would amount to more than \$500 for every man, woman, and child in New Mexico.**
- Trigger mechanisms would be put in place to adjust the rebate in the event of steep revenue downturns to avoid cuts.

### 3. Level the Playing Field: A Small Business Rescue Plan

Small businesses account for 54% of New Mexico employment. They are the backbone of our state's economy – in both our cities and small towns. Unfortunately, our tax code is stacked against small businesses. When they invest in themselves and purchase new equipment to help them grow, we penalize them by imposing new taxes on it. Our high gross receipts tax rate makes New Mexico businesses uncompetitive with companies from other states when trying to secure work. And, **there is simply not a level playing field between small businesses and big corporations;** for example, we impose layers of taxes for all kinds of services used by small businesses that don't have to be paid by large corporations.

Mark's plan would produce the most significant tax relief and financial help for small businesses in our state's history. They need it and deserve it, and our economic future depends upon their success.

- **Stop imposing property taxes on the equipment that small businesses** buy to grow and improve their companies.
- **Eliminate the layers of gross receipts taxes that small businesses pay** for the services they have to purchase, also known as tax pyramiding.
- **Lower the income tax rate paid by small businesses,** ensuring that as small businesses get off the ground and grow in their early years, they pay less in taxes.
- **Cut the state's gross receipts tax rate every year,** and require any city or county that wants to raise its gross receipts tax rate to get approval from its voters to do so.
- **Exempt New Mexico's micro businesses** and sole proprietorships (revenue \$100,000 or less) from the gross receipts tax.

### 4. Destination New Mexico: Compete for Jobs

New Mexico over-regulates its job creators, stifles innovation, has an uncompetitive tax code, and can be punitive and unfair in its treatment of businesses. **We need to earn a new reputation, one that will allow New Mexico to attract high-wage jobs in growth sectors.**

Mark's plan would increase economic development **incentives for businesses that commit to relocating and expanding in New Mexico,** ensure promising start-ups have access to venture capital to help them get off the ground (this would include expanding the Angel Investment Credit), and change how corporations are taxed so they have an incentive to grow their footprint and workforce IN NEW MEXICO – as opposed to in other states.

### 5. New Mexico: THE Energy Leader

New Mexicans should share in the significant revenue contributions of the energy industry – in a predictable, recurring way. It's surplus money that should be put to use by the people, not squandered by bureaucrats in Santa Fe creating new government programs. **Hardworking taxpayers should benefit directly from a healthy, strong energy industry.**

The promise of a bright energy future will only be realized, however, when we stop tying the energy industry in knots and stop allowing government to pick winners and losers. Radical, special interest agendas should never be placed ahead of the well-being of our economy and should never be used to excuse American consumption of oil and gas from countries like Iran or Russia, as opposed to from Hobbs or Farmington.

Mark's plan will:

## **Unleash New Mexico Oil and Gas Production**

- **Remove regulatory roadblocks** to oil and gas development.
- Require the economic and fiscal impact of any proposed industry regulation to be evaluated, disclosed, and considered.
- Encourage and facilitate **cooperative, voluntary agreements relating to endangered species issues**.
- Speed up permitting and reduce bureaucratic red tape.
- **Support and partner with climate innovators** – companies that are investing in and implementing clean technologies.

## **Embrace an All-of-the-Above Energy Approach**

Mark's plan recognizes that **New Mexico can and should be known for producing all types of energy, including solar, wind, hydrogen, and nuclear energy, among others**. Rather than pick winners and losers, government should encourage the production, use, and export of all energy sources. This includes **doubling down on the expansion of wind and solar energy projects**, as well as a concerted effort to work with universities and laboratories on the development of safe, game-changing nuclear energy.

## **6. “Build NOW” Infrastructure Initiative**

The Governor and Legislature have spent record amounts on capital projects in recent years, but the LFC reports that nearly \$2 billion in capital appropriations over the past few years has gone unspent. The work simply isn't getting done. **Capital spending should be focused on projects that are shovel-ready**, will create jobs in the short-run, and either address an important policy challenge or help lay a literal foundation for economic growth. To ensure this happens Mark's plan will:

- **Move existing state government positions from several agencies into one robust capital projects unit at DFA**, with the responsibility to monitor and drive the completion of infrastructure projects and report regularly to the public via an online dashboard about the progress of capital spending, project by project. Part of this work will entail re-allocating money that was given to non-shovel-ready projects and vetting future capital spending to ensure projects are ready to go.
- **Identify failing infrastructure systems statewide** – roads, bridges, water treatment facilities, etc. – and work with the Legislature and local communities to prioritize upgrades and replacement.

## **7. Spending Growth Regulator**

Our revenues are simply too volatile over time for the government to continually approve double digit recurring spending increases. **A maximum growth percentage threshold should be put in place** to prevent this. To spend more than that would require a supermajority of the Legislature to authorize.

## **8. Back to Work New Mexico**

New Mexico has the highest unemployment rate in America, and yet, businesses of all types and sizes can't find enough workers to fill their open positions. It affects business operations and restrains business growth, and it frustrates consumers.

**Our state needs more workers.** New Mexico has the 3rd lowest labor force participation rate in the country, with more than 4 in 10 working-age New Mexicans choosing NOT to be in the workforce. If New Mexico's labor force participation rate was just at the national average, it would mean nearly 100,000 additional workers earning wages, providing for their families, and spending their hard-earned dollars across our state. A large majority of those not in the labor force are prime-aged men and women.

See Appendix 1 for a chart comparing the New Mexico and national labor force participation rates, by gender and age.

Mark's plan for getting New Mexico back to work:

## **Focus on re-employment, not un-employment**

**Unemployment insurance provides a necessary support system for those who fall on hard times.** We can all empathize with difficult life situations. But our unemployment system has become too much of a crutch especially when so many jobs are going unfilled and stifling our economic recovery. If we are going to get our state back on track we need every able-bodied New Mexican participating.

- Reduce the term of unemployment benefits from 26 weeks to 16 weeks; **in today's job market, it's reasonable for people to find work within 4 months.**
- Require "job searches" for those on unemployment insurance to be serious, legitimate attempts to find work or participate in workforce training programs.

Mark's plan will also put a **sharper focus on target industries and fields, with mechanisms in place to build expertise and a trained workforce.**

- Focus on building a stronger workforce in target sectors of our economy, including health care, science and technology, and recreation and tourism.
- **Adjust college aid programs to pay for completed credentials/degrees** in designated "workforce shortage" fields.
- **Expand youth apprenticeship programs** – and explore new apprenticeship models – that allow high school students to enter the workforce in key fields while earning their diploma.

Mark will also work to make New Mexico the best place for military retirees to start a small business, find a job, or build a second career.

- Step up advertising to recent military retirees nationwide, enhance procurement and other types of **incentives for veteran-owned businesses**, task the Department of Veterans Services with connecting veterans to workforce training programs and open jobs, eliminate professional licensing barriers, and **focus on bringing more military retirees into teaching, health care, and emergency responder careers.**

## **Expand the health care workforce**

We have a shortage of health care workers in America, but it's at a crisis point in New Mexico. More patients are on Medicaid, but there are not enough doctors and nurses to meet their needs. Many doctors are also older and nearing retirement age. Most concerning, **New Mexico is simply not a favorable place for healthcare workers to practice.** The private-payer market is small, Medicaid reimbursement rates are low, and lawsuit exposure is high – and getting worse. This is not an easy or simple problem to fix, but it deserves our focus.

- **Reduce medical malpractice exposure for doctors and hospitals;** roll back the recent law that increased medical malpractice caps.
- **Eliminate the gross receipts tax on rural doctors.**
- Strengthen programs that **recruit health care providers to rural communities**, including loan forgiveness and resettlement programs that apply to those who agree to practice part time (70%) in rural areas.

## Build New Mexico's outdoor recreation and tourism economy

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- **Make a substantial investment in New Mexico's state parks**, turning them into economic drivers of their surrounding area – great campgrounds, hiking and cycling opportunities, and large events around holidays and in the summer.
- Commit to **developing the game-changing Rio Grande Trail**.
- Expand New Mexico True advertising into target markets to recruit more visitors to New Mexico.
- Invest in the Balloon Fiesta, improving parking, infrastructure, concessions, paths and walkways, etc.



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**APPENDIX 1.**

**Comparison of New Mexico and U.S. Labor Force Participation Rates, by Gender and Age**

