

Representative:

My name is Frank Pagurko, and I write to you on behalf of the Rio Grande Foundation, an economic policy think tank based in Albuquerque. We work to promote the interests of the people of New Mexico through free market policy.

For the prosperity of all New Mexicans, I strongly urge you to **vote NO** on HB 291, the “Tax Changes” bill. New Mexico already has one of the heaviest tax burdens in the nation, higher than any neighboring state (<https://www.taxadmin.org/2019-state-tax-revenue>). In a time when our state’s economy is struggling and our unemployment rate is one of the worst in the country, a new income tax bracket would only further stifle our economy and its recovery from the Covid-19 shutdown. Studies have shown that higher taxes drive away population, wealth, and jobs—precisely the opposite of what New Mexico needs, both in the short and long term (http://www.riograndefoundation.org/downloads/rgf_taxes_really_do_matter.pdf).

In contrast, evidence from our own state strongly indicates that reducing the top income tax rate drives economic growth, as was seen during the Richardson Administration. When the economy grows, everyone benefits. When it lags, everyone suffers. HB 291 has already passed the House largely along partisan lines, although some Democrats joined Republicans in opposition. This bill is *another* income tax increase that would raise the top rate to 6.5% after HB 6 already hiked it from 4.9% to 5.9%. Higher taxes are the opposite of what New Mexico needs.

Even more troubling than income tax hike, this bill would allow property tax assessments to increase by a mind-blowing 10%, replacing the previous cap of 3%, for home that are not the owner’s primary residence. This kind of tax discrimination is of questionable legality (especially

since second homes use *fewer* services than homes that are occupied full-time). The legislature should not overlook these kinds of details.

To encourage our state's recovery from the pandemic and in the interests of the long-term prosperity of its residents, please vote no on HB 291. Thank you.

A handwritten signature in black ink, appearing to read "Frank Pagurko III", with a stylized flourish at the end.

Frank Pagurko III