

A JOINT MEMORIAL

REQUESTING THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE TO STUDY AND MAKE RECOMMENDATIONS ON THE FEASIBILITY OF ENACTING LEGISLATION TO ESTABLISH JOB CREATION TAX CREDITS.

WHEREAS, despite signs of economic recovery, the state's unemployment rate continues to rise, while job growth continues to decline; and

WHEREAS, in December 2010, the national unemployment rate was nine and one-half percent and the state unemployment rate was eight and one-half percent; and

WHEREAS, the rate of job growth from December 2009 to December 2010 in New Mexico declined four-tenths percent, representing a loss of three thousand four hundred jobs; and

WHEREAS, many economists agree that job creation is key to sustained economic recovery; and

WHEREAS, Governor Martinez has acknowledged the importance of encouraging businesses to grow and create new jobs; and

WHEREAS, in an effort to stimulate the economy, President Obama introduced job creation tax credit legislation in 2010, and at least nine states initiated job creation tax credit programs in 2010; and

WHEREAS, the purpose of job creation tax credit legislation is to encourage job creation by providing tax

credits for businesses that create and fill new jobs; and

WHEREAS, job creation tax credit legislation may provide tangible benefits for the state, such as ensuring that businesses survive, by reducing the tax burden at a critical time, and creating new sources of income taxes and spending from new employees; and

WHEREAS, given the state's scarce fiscal resources, it is important to consider whether establishing job creation tax credits for businesses would result in a good return on the investment or if they would be too costly due to lost revenue from the credits; and

WHEREAS, any consideration of job creation tax credit legislation should examine whether tax credits would generate new jobs in a cost-effective manner;

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO that the revenue stabilization and tax policy committee be requested to work with the taxation and revenue department and the economic development department to study the feasibility of enacting legislation to establish job creation tax credits to foster economic growth and deliver jobs to New Mexicans; and

BE IT FURTHER RESOLVED that the revenue stabilization and tax policy committee report its findings and conclusions and any recommended legislation to the legislature by November 2011; and

BE IT FURTHER RESOLVED that a copy of this memorial be transmitted to the revenue stabilization and tax policy committee for further distribution.