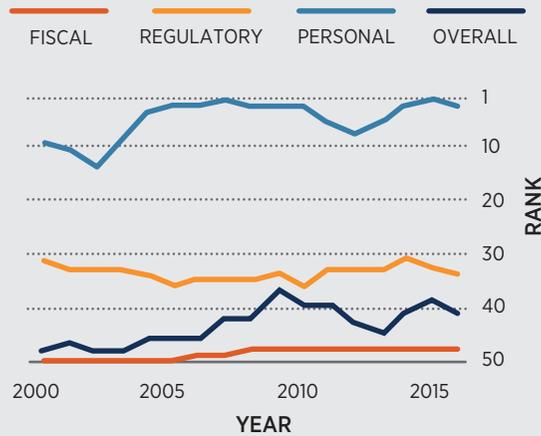


NEW MEXICO

2016 RANK
41st



POLICY RECOMMENDATIONS

- Fiscal:** Trim spending on police and fire, corrections, education, general administration, public buildings, health and hospitals, parks and recreation, public welfare, sanitation and sewerage, and employee retirement, which are all much higher than the national average, as a share of income. Cut the gross receipts tax.
- Regulatory:** Roll back occupational licenses, such as those for sign language interpreters, dietitians, dietetic technicians, pharmacy technicians, veterinary technicians, athletic trainers, massage therapists, private detectives, security guard companies, funeral attendants, collection and repossession agencies and managers, emergency dispatchers, construction contractors, well-drilling contractors, security and fire alarm installers, boiler operators, and crane operators.
- Personal:** Enact a generous private scholarship tax credit program.



Population, 2017
2,088,070

Net Migration Rate
-1.6%



State Taxes, Percent of Personal Income, FY 2017
5.78%

Local Taxes, Percent of Personal Income, FY 2015
3.48%

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Real Per Capita Personal Income, 2016, in 2009 \$
\$37,145

Real Personal Income Growth, CAGR, 2000-15
2.4%

ANALYSIS

New Mexico has long had far more personal freedom than economic freedom, but it has started to do a little better on economic freedom as well, despite its move from being a “purple” state to a “blue” one. If it would get a serious grip on government spending, New Mexico could be among the freest states in the country.

New Mexico’s overall tax burden is right at the national average of 5.8 percent of adjusted personal income. We show significant declines in state-level taxes over time, from 6.7 percent of income in FY 2008. Local taxes have risen, but not as much, from 2.7 percent of income in FY 2000 to 3.5 percent in FY 2015. That growing fiscal decentralization does not do much for choice in government, however, as there is less than one competing jurisdiction per 100 square miles. Government debt ballooned during the Great Recession but has started to come down again. Cash and security assets are robust. New Mexico’s big problems are government consumption and employment, each of which is two standard deviations higher than national norms.

New Mexico is about average on land-use freedom. Zoning regulations have tightened over time, and the state has implemented relatively strict renewable portfolio standards. The state has long had a minimum wage, but it is not extremely high. Health insurance freedom is low because of costly mandates and bans on managed-care gate-

keeping models. In 2013-14, the state passed a telecommunications deregulation bill, but it has not implemented statewide video franchising. The extent of occupational licensing skyrocketed between 2006 and 2009 but has been almost steady since. Nurses enjoy broad scope-of-practice freedom. Insurance freedom has been fairly high since reforms enacted in 2009-10. There is no certificate-of-need law for hospital construction. Otherwise, cronyist regulation is limited, besides licensing for moving companies and a ban on direct-to-consumer auto sales. The civil liability system is much worse than average, and the state has done little to address the problem.

New Mexico’s criminal justice policies stand out from the pack. Victimless crime arrests, drug and nondrug, are low, as are incarceration rates. The state’s asset forfeiture law is the best in the country, since 2015 putting limits on equitable sharing. Gambling, cannabis, alcohol, firearms, and travel freedoms are all strong suits for New Mexico, although the state isn’t a leader in any of those areas. In 2013, physician-assisted suicide was legalized, but this is a tiny part of our index. The state is one of just two to have both a broad religious freedom restoration act and a broad equal rights amendment (Connecticut is the other). Tobacco and educational freedoms are weak spots. Students are required to go to school for 13 years, the most in the country, and there are no choice programs apart from public school open enrollment. Cigarette taxes are high, and smoking bans are extensive.