

New Mexico

From 2002 to 2008, New Mexico's spending increased the most in the debt service (104%), hospitals (88%), parks and recreation (84%), and welfare (75%) categories. Spending growth ranked in the top 20 states in 10 of 12 categories. The spending categories that saw the least growth were health (+44%), education (+43%), salaries and wages (+43%), and highways (-5%). The state's overall general spending increase of 56% was among the highest in the nation, ranking fourth.

New Mexico's total revenue growth of 47% ranked 23rd for the period, and its total tax revenue growth of 56% ranked 10th. Corporate income taxes were the fastest growing tax revenue category, increasing 185%, among the greatest in the nation (ranking eighth). By contrast, the 23% increase in personal income tax revenue ranked 40th.

Spending (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Corrections	241,454	21	376,627	13	+8	56%	8
Education	3,514,151	4	5,024,928	6	-2	43%	22
Government Administration	349,026	16	528,382	9	+7	51%	15
Health	340,031	16	490,852	13	+3	44%	19
Highways	938,380	6	895,994	14	-8	-5%	44
Hospitals	399,073	9	749,990	4	+5	88%	8
Interest on Debt	192,180	26	392,772	14	+12	104%	6
Natural Resources	138,367	25	221,810	14	+11	60%	6
Parks and Recreation	49,804	18	91,671	8	+10	84%	13
Police Protection	88,817	12	140,759	8	+4	58%	11
Public Welfare	2,028,295	14	3,558,863	7	+7	75%	6
Salaries and Wages	1,579,540	9	2,256,305	10	-1	43%	13
Direct Expenditures	6,445,177	9	10,064,457	7	+2	56%	5
General Expenditures	9,213,597	8	14,412,908	6	+2	56%	4
Total Expenditures	10,083,987	8	15,793,049	7	+1	57%	4
Taxes (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Personal Income Tax ¹	982,891	36	1,213,522	38	-2	23%	40
General Sales Tax ²	1,337,321	12	1,949,768	11	+1	46%	14
Corporate Income Tax ³	124,327	23	354,588	13	+10	185%	8
Total Taxes	3,628,055	18	5,645,649	13	+5	56%	10
Total Revenue	8,746,253	10	12,892,523	11	-1	47%	23

¹ Personal income tax per capita rankings are out of 43 since seven states do not collect personal income taxes.

² General sales tax per capita rankings are out of 45 since five states do not collect general sales taxes.

³ Corporate income tax per capita rankings are out of 46 since four states do not collect corporate income taxes.

Comparison to Baseline Growth

One sound rule of thumb is that government expenditures should not increase more than the combined increase in population and inflation growth. This allows the government to maintain service levels and accommodate increased costs due to an expanding population and rises in the cost of living. For the 2002–2008 period, the Consumer Price Index, used to measure inflation, increased approximately 20% and New Mexico’s population increased by 7%. This yields a “baseline” growth of 27% for the period. The figure below compares the difference in New Mexico’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

