

# Taxing Groceries Would Make New Mexico's Food Insecurity Problem Worse

## NEW MEXICO HAS THE HIGHEST CHILDHOOD FOOD INSECURITY RATE IN THE NATION<sup>1</sup>

- **26.6%** of our children don't have access to enough nutritious food

## CHILDHOOD FOOD INSECURITY IS ASSOCIATED WITH<sup>1</sup>:

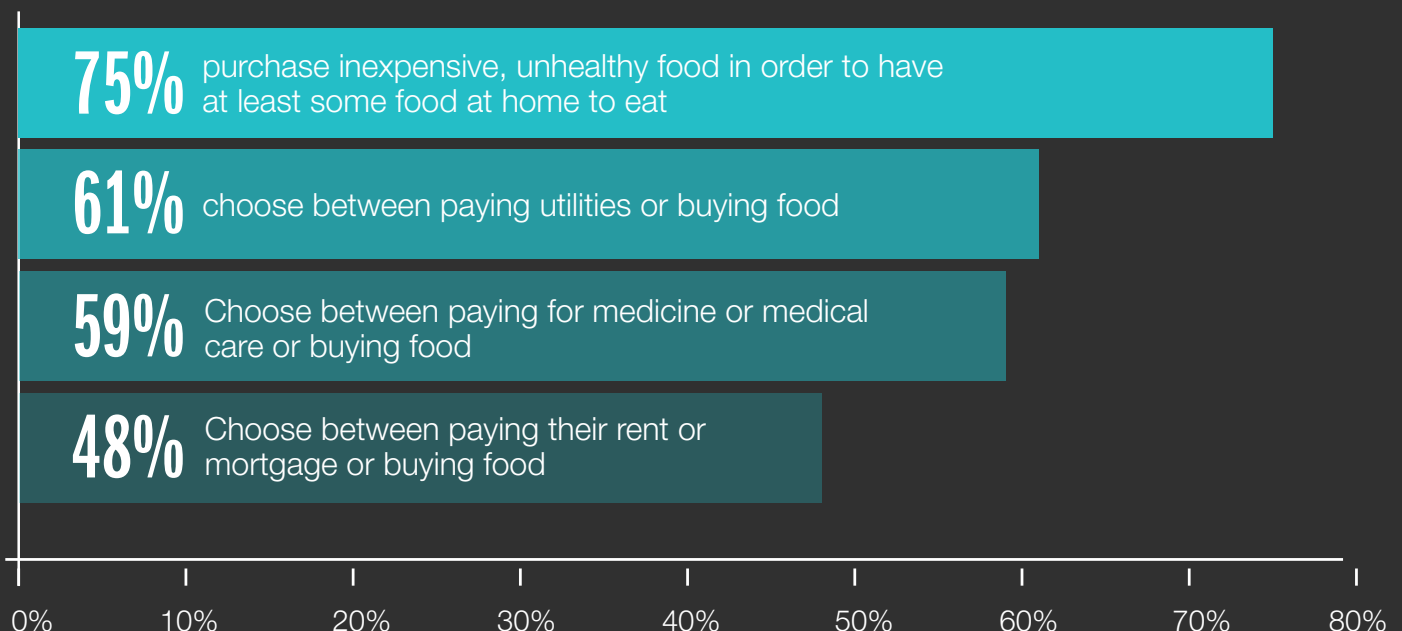
- Increased risk of developmental delays and chronic disease
- Forgone medical care
- Behavioral and emotional challenges
- Increased disciplinary actions and lower test scores at school
- Lower educational attainment
- Reduced economic mobility

**143,660** NEW MEXICO KIDS ARE FOOD INSECURE



That is roughly equivalent to every student in the Albuquerque, Las Cruces, Santa Fe, and Rio Rancho school districts – combined – not having enough reliable access to a sufficient amount of nutritious food

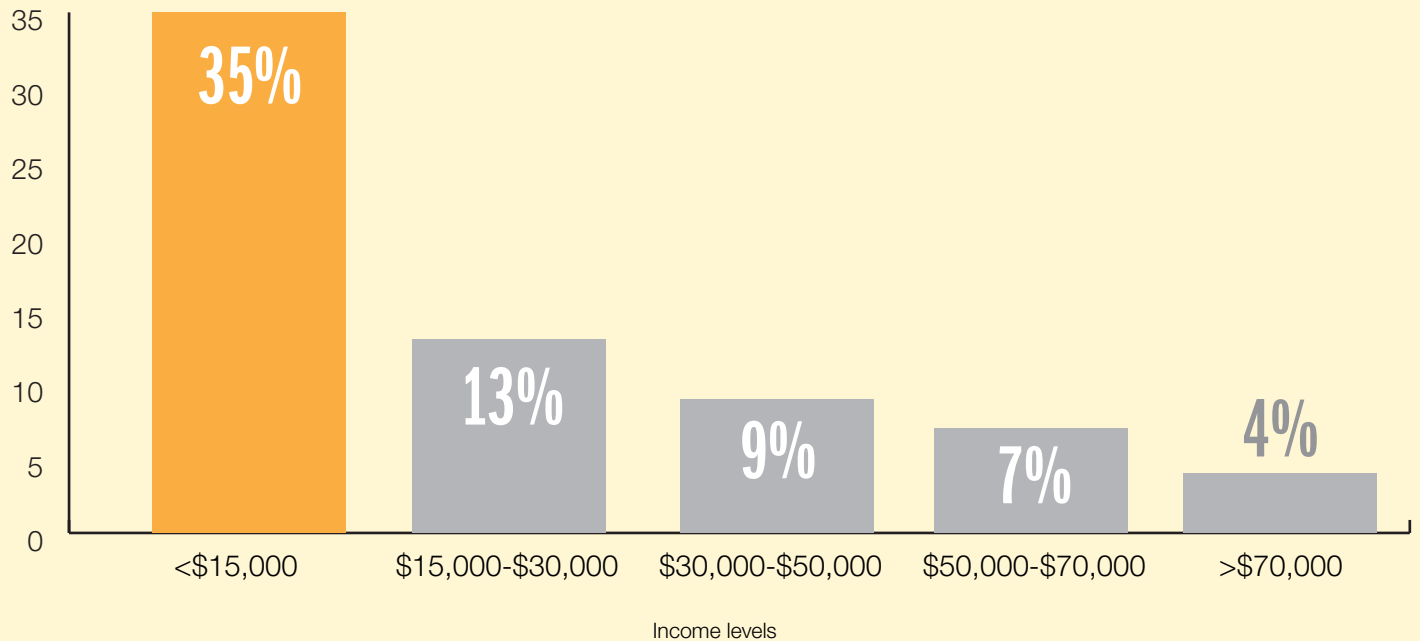
## NEW MEXICANS WITH LOW FOOD SECURITY MUST MAKE TRADEOFFS IN ORDER TO GET BY<sup>2</sup>



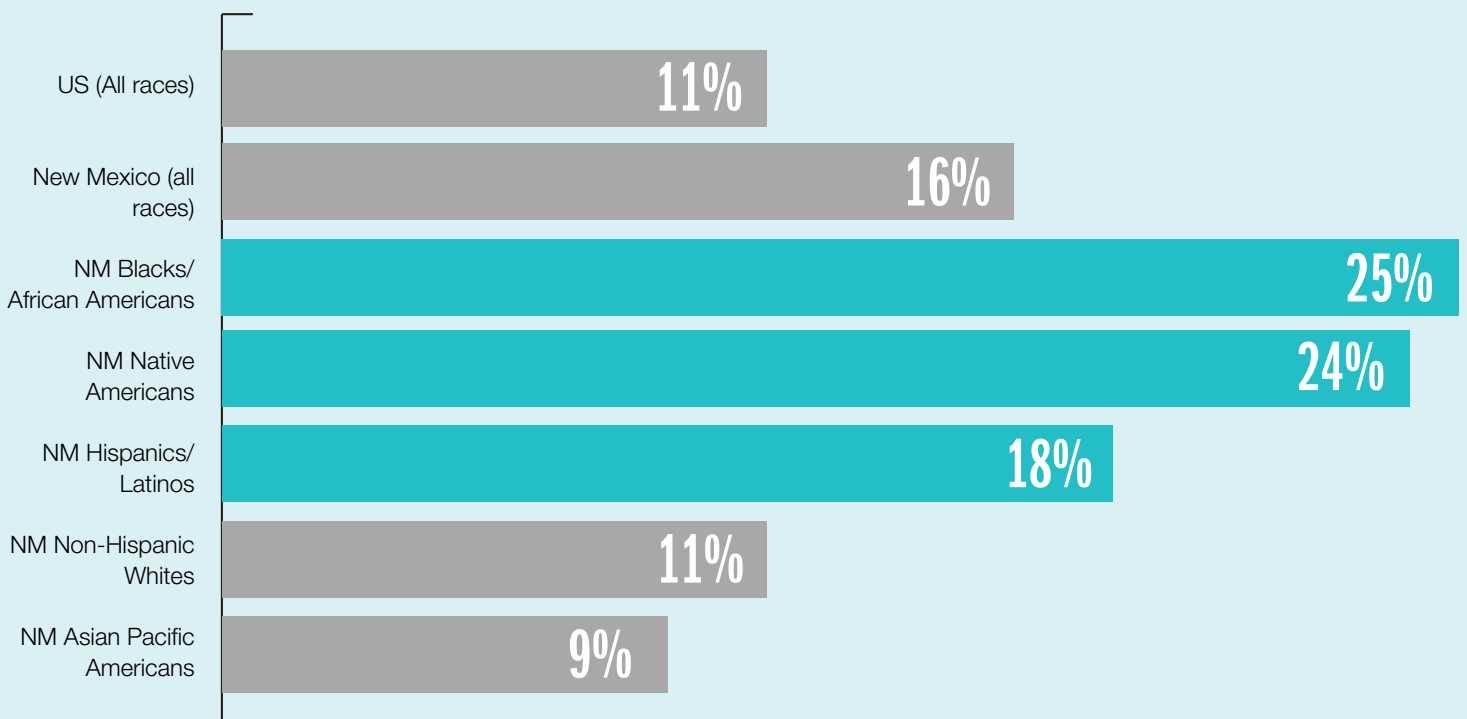
Percent of New Mexicans with low food security

# LOW WAGES AND POVERTY ARE LARGELY TO BLAME FOR FOOD INSECURITY IN NEW MEXICO

## FOOD EATS UP A THIRD OF THE BUDGET FOR FAMILIES EARNING LESS THAN \$15,000<sup>3</sup>



## BLACK, NATIVE, AND HISPANIC FAMILIES ARE MORE LIKELY TO EARN LESS THAN \$15,000 THAN ARE WHITE AND ASIAN FAMILIES<sup>4</sup>



Share of New Mexico households earning less than \$15,000

# SNAP BENEFITS ARE NOT ENOUGH TO FIX FOOD INSECURITY

**79% OF SNAP BENEFITS ARE USED UP WITHIN THE FIRST HALF OF THE MONTH<sup>5</sup>**



Average SNAP benefit per person per meal in New Mexico: \$1.29<sup>6</sup>

While SNAP helps tens of thousands of New Mexico families put food on the table, the benefits are not intended to replace a family's total food needs.



SNAP beneficiaries collectively spend hundreds of millions of their own money on food – which will become even more expensive if it is taxed

With the COVID-19 pandemic, New Mexico has seen a surge in families needing food assistance:

- SNAP enrollment increased by more than 10%<sup>7</sup>
- Food insecurity among all New Mexicans has almost doubled<sup>8</sup>

Many SNAP beneficiaries work in industries that have kept the state running during the current pandemic: 57% of New Mexico's SNAP recipients are considered essential workers<sup>9</sup>

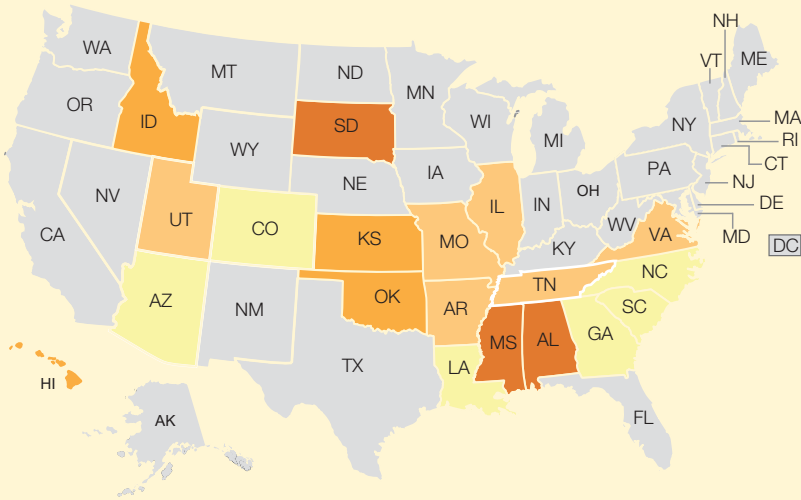
- 47,700 work in the service industry
- 10,000 are construction workers
- 5,800 work for manufacturers

The pandemic and economic downturn have also meant a big decline in state revenue from income and gross receipts taxes. As state policymakers look around for new sources of tax revenue, food is likely to be in the crosshairs.

**Despite our high rates of food insecurity and poverty, some lawmakers still want to tax food.**

# NEW MEXICO SHOULD NOT TAX FOOD

## MOST STATES CAN RAISE ENOUGH REVENUE WITHOUT TAXING FOOD<sup>10, 11</sup>

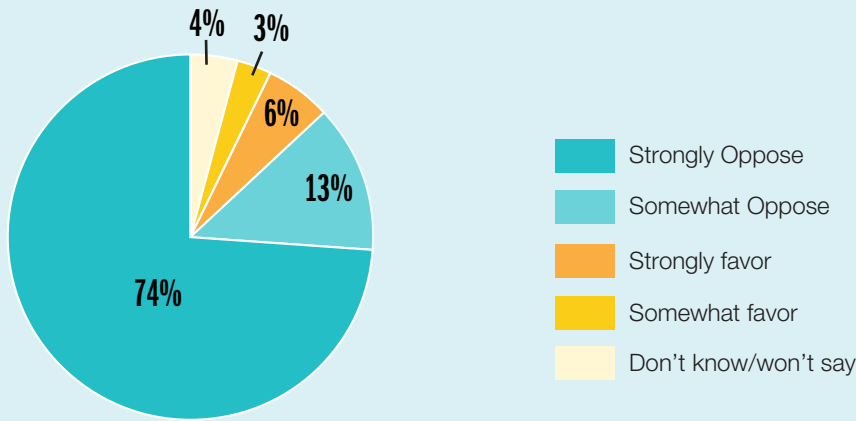


### Key:

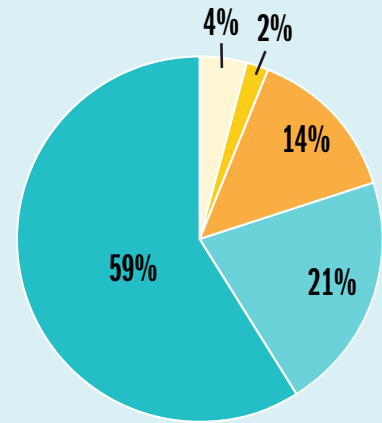
- Food is not taxed
- Food not taxed by the state but local governments may tax food
- Food is taxed, but at a lower rate
- Food is taxed at the regular rate, but tax credit provided to offset cost
- Food is taxed at the regular rate

## NEW MEXICANS STRONGLY OPPOSE A FOOD TAX<sup>12</sup>

Do you support or oppose charging a sales tax on food?



Do you support or oppose charging a sales tax on food but lowering the sales tax on other goods?



**Food is the most basic of human necessities. New Mexico's leaders should be fighting hunger, not making it worse by taxing food.**

1 "Think Babies" factsheet, Food and Research Action Center, 2020

2 NM Association of Food Banks Survey, and Map the Meal Gap, Feeding America, 2014

3 Consumer Expenditure Surveys, US Bureau of Labor Statistics, 2018

4 US Census Bureau, American Community Survey Data, 2018

5 "Benefit Redemption Patterns in SNAP," USDA, 2011

6 "Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2018," USDA, Office of Research and Analysis, 2018

7 Monthly Statistical Reports, New Mexico Human Services Department, April, 2020

8 "How Much Has Food Insecurity Risen? Evidence from the Census Household Pulse Survey," Institute for Policy Research, June 10, 2020

9 Center on Budget and Policy Priorities (CBPP) analysis of US Census Bureau, American Community Survey data, 2017

10 "State Sales Tax Rates and Food and Drug Exemptions," Federation of Tax Administrators, January 1, 2020

11 "States That Still Impose Sales Taxes on Groceries Should Consider Reducing or Eliminating Them," CBPP, April 1, 2002

12 Benenson Strategy Group poll of likely New Mexico Voters, Dec. 2018

# NEW MEXICO CAN MAKE MORE PROGRESS TOWARD ALLEVIATING FOOD INSECURITY

All children deserve access to affordable, nutritious food in order to grow and be healthy. The pandemic and its recession made food insecurity worse in New Mexico. While employment rates are improving, an historically high inflation rate is now taking a big bite out of the food budgets of too many New Mexico families. To address the state's high rate of childhood food insecurity, families need to earn wages that allow them to buy enough healthy foods, supplemental safety net programs should be easy to access and use, and lawmakers should never consider increasing the cost of food by taxing it. With an expected budget surplus, New Mexico's lawmakers can continue to meaningfully tackle food insecurity.



## The Issue

Childhood food insecurity is associated with:<sup>1</sup>

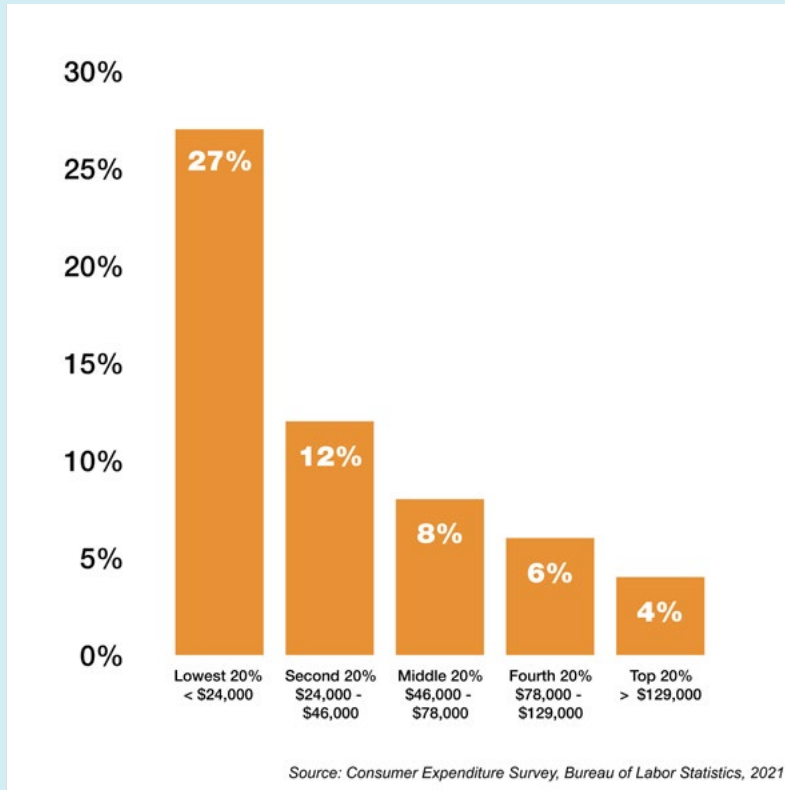
- Increased risk of developmental delays and chronic disease;
- Forgone medical care;
- Behavioral and emotional challenges;
- Increased disciplinary actions and lower test scores at school;
- Lower educational attainment; and
- Reduced economic mobility later in life

## By the Numbers

- **1 in 5** New Mexico children experience food insecurity. That's the **second highest rate** in the nation.<sup>2</sup>
- **49% of households** that receive Supplemental Nutrition Assistance Program (SNAP) benefits include children younger than 18.<sup>3</sup>
- Nearly **1 in 4 households** with children reported that their children were not eating enough because food was unaffordable.<sup>4</sup>
- **75%** of New Mexico students participate in the free and reduced-price school lunch program.<sup>5</sup>
- Nearly **30% of New Mexicans** live in a federally designated food desert.<sup>6</sup>
- The excess total health care cost associated with food insecurity in New Mexico is **\$1,452 per food-insecure adult**.<sup>7</sup>
- Almost **60 million pounds of food** were distributed statewide through free food assistance programs in 2020-2021<sup>8</sup> – that's roughly the weight of 4,000 school buses.

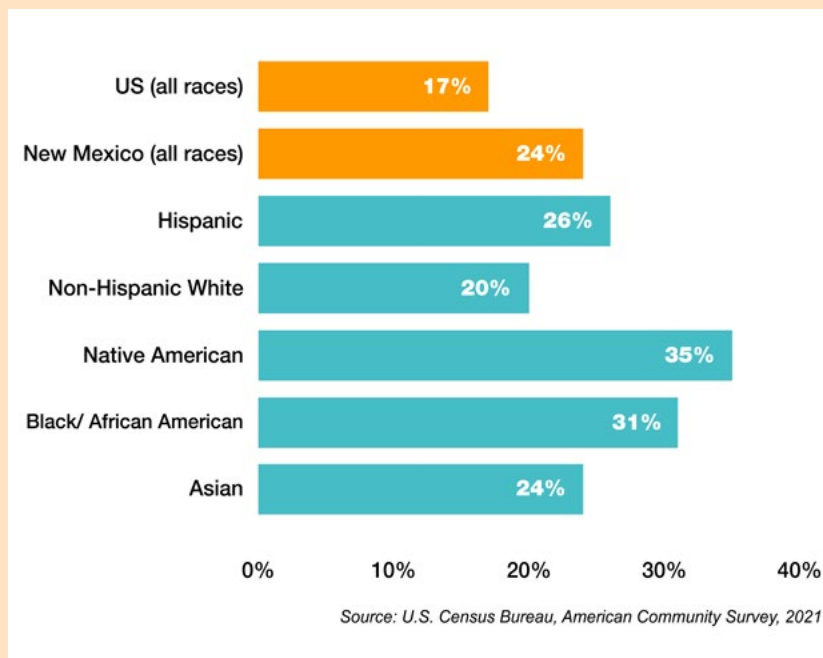
# Food takes a bigger bite out of small budgets

Share of the household budget spent on food by income quintile (2021)



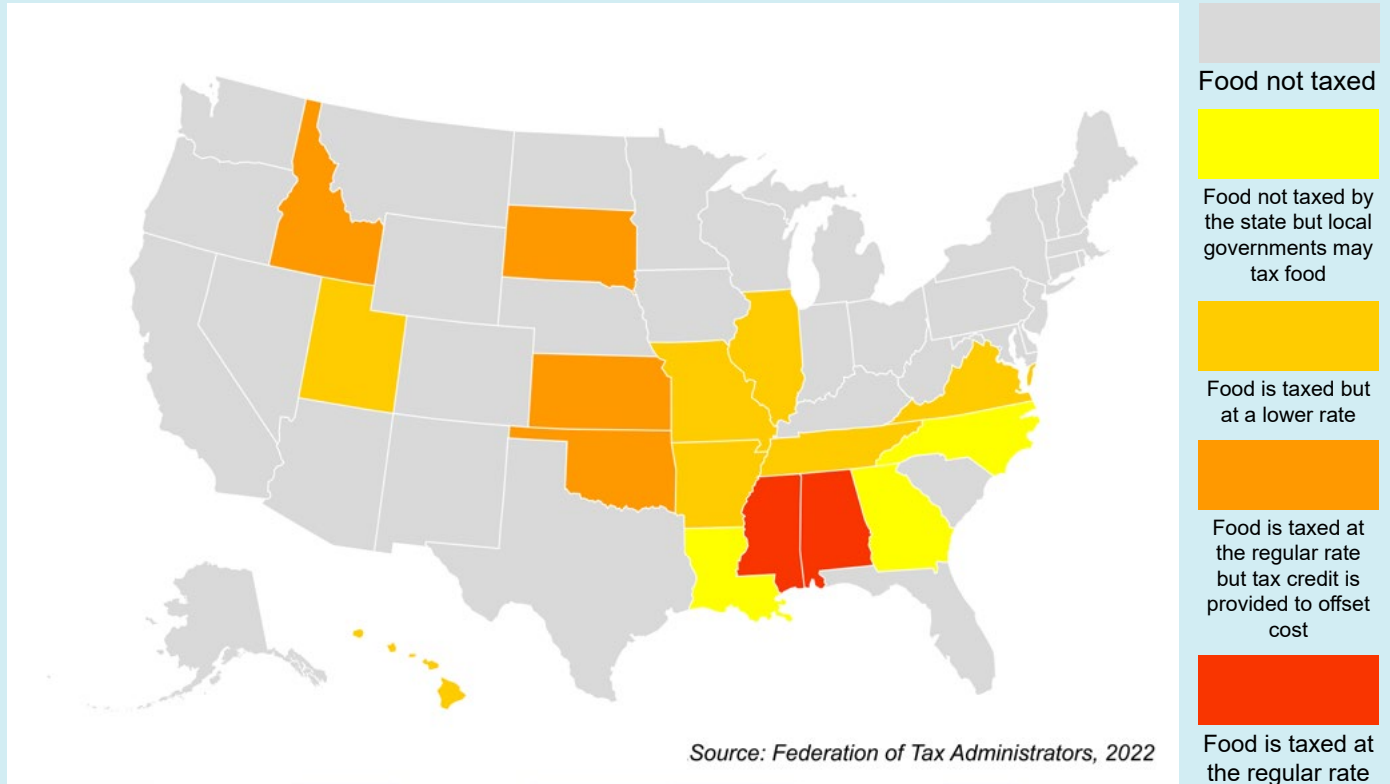
**Due to systemic racism, households of color are more likely to be in the income group that spends the largest share of their earnings on food**

Share of New Mexico households earning less than \$25,000 by race and ethnicity (2021)



# Most States Can Raise Enough Revenue without Taxing Food

Type of tax and rates for those states that tax food (2022)



## New Mexico lawmakers have made progress in addressing food insecurity by:

- Creating a hunger taskforce to develop recommended solutions;
- Funding Breakfast After the Bell programs in schools to make sure kids have time to access breakfast at school;
- Eliminating co-pays for all students receiving reduced-price school meals;
- Increasing, extending, and reducing barriers for accessing food security benefits during the pandemic—including in SNAP, school meal, and Pandemic Electronic Benefit Transfer (P-EBT) programs; and
- Making an historic investment in the state’s comprehensive Food Initiative to strengthen food systems, improve health through nutrition, and support hunger relief programs.

# Policy Recommendations

- **Support** the recommended change to the federal WIC food package to increase the cash value benefit to help families buy more fruits and vegetables.
- **Oppose** changes in food assistance programs (like SNAP and WIC) that would limit food purchasing options for families and have a disproportionate impact on communities of color, particularly those living in food deserts.
- **Support** legislation for Healthy School Meals for All to pair healthy meal quality incentives with universal free meals so all students can access nutritious meals at school.
- **Fully fund** the state Food Initiative to improve local food systems and reduce food insecurity.
- **Restore** exemptions to TANF work requirements, which were put in place by state law.
- **Increase** TANF cash benefits to help families meet basic needs.
- **Expand** the state's General Assistance Program (GAP) to provide economic relief to families.
- **Support** two-generation approaches and ensure better coordination between programs providing health, education, housing, and food services for both parents and children.
- **Increase** the new state Child Tax Credit.
- **Do not tax food.** Instead, enact a more progressive income tax system so corporations and higher-income earners bear greater responsibility for funding our state.

## Endnotes

1. [Think Babies State Factsheets](#), FRAC, 2019
2. [Map the Meal Gap](#), Feeding America, 2020
3. American Community Survey, Census Bureau, table S2201, 2016-2020
4. New Mexico indicators, [KIDS COUNT Data Center](#), 2022
5. Free and Reduced Lunch Eligibility Report, NM Public Education Department, SY2021-2022
6. [Ending Childhood Food Insecurity in New Mexico](#), NM Voices for Children, 2021
7. [The Healthcare Costs of Food Insecurity](#), Feeding America, 2019
8. [Annual Report 2020-2021](#), Roadrunner Food Bank, 2021

December 2022

