

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

HOUSE BILL 82

**49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010**

INTRODUCED BY

Eleanor Chavez

AN ACT

RELATING TO TAXATION; REQUIRING THE SECRETARY OF TAXATION AND REVENUE TO DEVELOP A TAX EXPENDITURE BUDGET; REQUIRING REPORTING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Tax Administration Act is enacted to read:

"~~[NEW MATERIAL]~~ TAX EXPENDITURE BUDGET--MANDATORY REPORT-- DEADLINE.--

A. No later than October 15 of each year, the secretary shall compile a tax expenditure budget for the upcoming fiscal year and present the tax expenditure budget, including an analysis of tax expenditures, to the governor, the interim legislative revenue stabilization and tax policy committee and the legislative finance committee. The tax

underscored material = new  
[bracketed material] = delete

underscored material = new  
[bracketed material] = delete

1 expenditure budget shall report on tax expenditures with  
2 revenue impacts of more than five million dollars (\$5,000,000)  
3 in the aggregate for a specific tax expenditure.

4 B. A tax expenditure budget shall detail the  
5 approximate costs in foregone revenue from tax expenditures. A  
6 tax expenditure budget shall:

7 (1) include a projection of the costs of tax  
8 expenditures for all significant general fund revenue sources;

9 (2) identify each tax expenditure and its  
10 statutory basis, purpose, year of enactment and date of repeal,  
11 if any;

12 (3) quantify the revenue lost to the state  
13 from each tax expenditure;

14 (4) identify to the extent possible the  
15 beneficiaries of each tax expenditure, including the number of  
16 businesses that used the tax expenditure and the number of  
17 businesses that potentially qualified for but failed to use the  
18 tax expenditure;

19 (5) identify unintended consequences of the  
20 tax expenditure that have come to the attention of the  
21 department; and

22 (6) provide a total of all of the costs in  
23 each fiscal year for all tax expenditures.

24 C. The department is authorized to request from a  
25 state agency or a local government agency official information

.180499.1

underscored material = new  
[bracketed material] = delete

1 necessary to complete the tax expenditure budget required by  
2 this section. An agency or official shall comply with a  
3 request made pursuant to this section by the department.

4 D. As used in this section:

5 (1) "significant general fund revenue sources"  
6 means state taxes, including but not limited to the gross  
7 receipts tax, compensating tax, corporate income tax, personal  
8 income tax, tobacco excise tax, liquor excise tax, taxes levied  
9 on natural resource production and sale, motor vehicle excise  
10 tax, gaming excise tax and other sources of revenue such as  
11 rents and royalties, tribal revenue sharing, fire protection  
12 fund reversions, premium taxes and the leased vehicle  
13 surcharge;

14 (2) "tax expenditure" means a deduction,  
15 credit, exemption, exclusion, rebate, offset, preferential tax  
16 rate, subtraction or allowance or related tax structure that  
17 reduces tax liability when compared with a normal tax system as  
18 determined by the secretary; and

19 (3) "tax expenditure budget" means a  
20 compilation of information about New Mexico's tax expenditures  
21 that includes data from the three years preceeding the current  
22 fiscal year, the current fiscal year and the upcoming fiscal  
23 year."