

SENATE PUBLIC AFFAIRS COMMITTEE SUBSTITUTE FOR
SENATE BILL 7

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

AN ACT

RELATING TO TAXATION; REQUIRING THE DEVELOPMENT OF A TAX
EXPENDITURE BUDGET AND A DEDICATED REVENUE 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--AUTHORIZATION TO REVEAL RETURN INFORMATION.--

A. No later than October 15 of each year, the
consensus revenue estimating group 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 legislative interim revenue
stabilization and tax policy committee and the legislative

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underscored material = new
[bracketed material] = delete

1 finance committee. The tax expenditure budget shall report on
2 tax expenditures chosen by the consensus revenue estimating
3 group; provided that all tax expenditures with revenue impacts
4 of more than one million dollars (\$1,000,000) in the aggregate
5 for a specific tax expenditure shall be reported before the end
6 of the five-year period following the effective date of the
7 provisions of this section, and each five-year period
8 thereafter.

9 B. A tax expenditure budget shall detail the
10 approximate costs in foregone revenue from tax expenditures.

11 A tax expenditure budget shall:

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

14 (2) identify each tax expenditure and its
15 statutory basis, purpose, year of enactment and date of repeal,
16 if any;

17 (3) quantify the revenue expended by the state
18 from each tax expenditure;

19 (4) identify the aggregate amount of each tax
20 expenditure and the number of businesses that used the tax
21 expenditure;

22 (5) identify unexpected effects of the tax
23 expenditure that were not within the original expected outcomes
24 of the tax expenditure that have come to the attention of the
25 department;

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1 (6) provide a total of all of the costs in
2 each fiscal year for all tax expenditures; and

3 (7) include an estimate of jobs created and
4 the number of businesses that potentially qualified for but
5 failed to apply for a tax expenditure from reports provided by
6 the economic development department.

7 C. The consensus revenue estimating group may
8 request from a state agency or a local government agency
9 official information necessary to complete the tax expenditure
10 budget required by this section, and an agency or official
11 shall comply with a request made pursuant to this section.

12 D. The economic development department shall
13 estimate the jobs created and the number of businesses that
14 potentially qualified for but failed to apply for a tax
15 expenditure and shall report those projections to the consensus
16 revenue estimating group.

17 E. Taxpayers that are allowed tax expenditures by
18 state law shall authorize the department to reveal information
19 necessary to the consensus revenue estimating group for
20 purposes of analyzing tax expenditures and reporting to the
21 legislature on the value, benefit and use of those tax
22 expenditures, as required by this section or Section 9-15-56
23 NMSA 1978.

24 F. The department may reveal to the consensus
25 revenue estimating group return information necessary to

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1 complete the tax expenditure report, including aggregate
2 information of taxpayers that benefit from a tax expenditure,
3 for the purpose of presenting the report pursuant to this
4 section.

5 G. As used in this section:

6 (1) "consensus revenue estimating group" means
7 the professional economists of the department of finance and
8 administration, the department of transportation, the taxation
9 and revenue department and the legislative finance committee;

10 (2) "jobs created" means the net increase of
11 full-time jobs that exceeds the full-time equivalent of jobs
12 that existed at the beginning of the reporting period; provided
13 that the additional jobs can specifically be attributed to use
14 of a tax expenditure, including:

15 (a) the net increase if jobs are changed
16 from part time to full time;

17 (b) the full-time equivalent of jobs
18 created that were previously filled by employees on contract;
19 and

20 (c) new jobs created;

21 (3) "significant general fund revenue
22 sources" means state taxes, including but not limited to the
23 gross receipts tax, compensating tax, corporate income tax,
24 personal income tax, tobacco excise tax, liquor excise tax,
25 taxes levied on natural resource production and sale, motor

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1 vehicle excise tax, gaming excise tax and other sources of
2 revenue such as rents and royalties, tribal revenue sharing,
3 fire protection fund reversions, premium taxes and the leased
4 vehicle surcharge;

5 (4) "tax expenditure" means a deduction,
6 credit, exemption, exclusion, rebate, offset, preferential tax
7 rate, subtraction or allowance or related tax structure that
8 reduces tax liability when compared with a normal tax system as
9 determined by the consensus revenue estimating group; and

10 (5) "tax expenditure budget" means a
11 compilation of information about New Mexico's tax expenditures
12 that includes data from the three years preceding the current
13 fiscal year, the current fiscal year and the upcoming fiscal
14 year."

15 SECTION 2. A new section of the Tax Administration Act is
16 enacted to read:

17 "[NEW MATERIAL] DEDICATED REVENUE BUDGET--MANDATORY
18 REPORT--DEADLINE--AUTHORIZATION TO REVEAL RETURN INFORMATION.--

19 A. No later than October 15 of each year, the
20 consensus revenue estimating group shall compile a dedicated
21 revenue budget for the upcoming fiscal year and present the
22 dedicated revenue budget, including an analysis of tax
23 expenditures, to the governor, the legislative interim revenue
24 stabilization and tax policy committee and the legislative
25 finance committee. The dedicated revenue budget shall report

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1 on dedicated annual revenues chosen by the consensus revenue
2 estimating group; provided that all dedicated annual revenues
3 with revenue impacts of more than one million dollars
4 (\$1,000,000) in the aggregate for a specific dedicated revenue
5 beneficiary shall be reported before the end of the five-year
6 period following the effective date of the provisions of this
7 section, and each five-year period thereafter.

8 B. A dedicated revenue budget shall detail the
9 approximate projected dedicated revenue for the following
10 fiscal year that will be unavailable to the general fund.

11 A dedicated revenue budget shall:

12 (1) identify each dedicated revenue item and
13 its statutory basis, purpose, year of enactment and date of
14 repeal, if any;

15 (2) identify the beneficiaries of each
16 dedicated revenue item, including the uses of the dedicated
17 revenue;

18 (3) identify the outcomes resulting from the
19 expenditure of dedicated revenue, if any are quantifiable;

20 (4) identify significant unintended effects of
21 the dedicated revenue that have come to the attention of the
22 department; and

23 (5) provide a total of all of the collections
24 and appropriations in each fiscal year for all dedicated
25 revenue.

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1 C. The consensus revenue estimating group may
2 request from a state agency or a local government agency
3 official information necessary to complete the dedicated
4 revenue budget required by this section. An agency or official
5 shall comply with a request made pursuant to this section
6 unless a specific statutory confidentiality provision prohibits
7 doing so.

8 D. The department may reveal to the consensus
9 revenue estimating group return information necessary to
10 complete the dedicated revenue budget report for the purpose of
11 presenting the report pursuant to this section.

12 E. As used in this section:

13 (1) "consensus revenue estimating group" means
14 the professional economists of the department of finance and
15 administration, the department of transportation, the taxation
16 and revenue department and the legislative finance committee;
17 and

18 (2) "dedicated revenue" means an expenditure
19 of a tax or fee that is dedicated to a specific program or
20 purpose, as defined by constitution or statute."