

FY27 Appropriation Request

Presentation to Legislative Finance Committee December 8, 2025

Stephanie Schardin Clarke, Cabinet Secretary

Aysha Mora, Deputy Cabinet Secretary

Denise A. Irion, Administrative Services Division Director

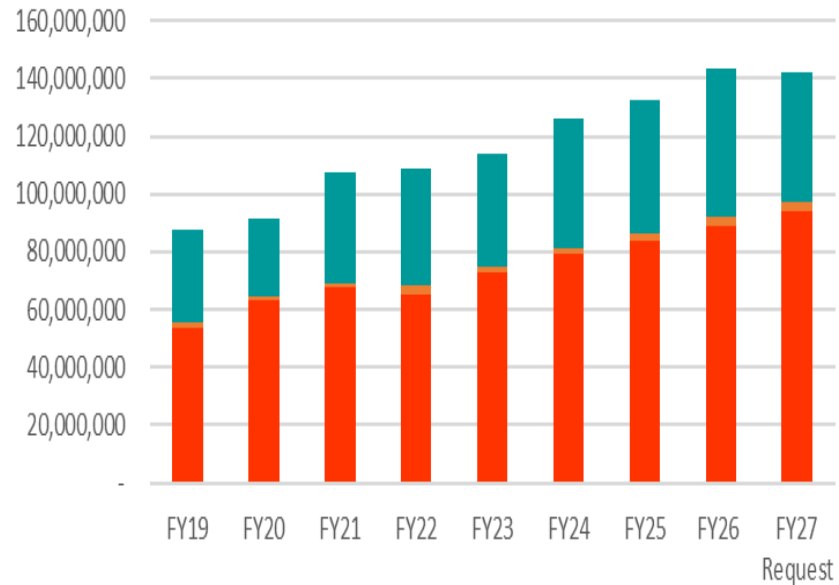
Annette Reynolds, Administrative Services Division Deputy Director

FY 27 Budget Priorities

- \$935,000 Phase II moving IT GenTax and Tapestry contractual costs recurring services from nonrecurring services
- \$973.8 increase for DoIT, GSD, postage rates and escalation costs related to building leases and existing IT maintenance and software agreements
- \$1,600,000 adjustment to FY27 Other State Funds Appropriation for MVD suspense fund contract amendment for increased driver record bulk subscriber fees from \$6.50 to \$10.00
- \$2,127.8 possible continuance of increase in the employer health benefit share
- Special Appropriations
 - \$5,000,000 implement legislative changes and changes required due to federal actions
 - \$300,000 replace mail inserter for processing taxpayer and motor vehicle mailings
- C2 Requests
 - \$4,086,600 to implement AAMVA system changes for required driver and vehicle interface mandates
 - \$2,841,000 Phase II to replace 13-year-old home grown imaging and data capture software that handles paper tax returns. Received \$3,000,000 partial funding in 2025
 - \$2,933,100 Fast Return Services (FRS) to perform comprehensive analytics for return processing
- ICIP Requests
 - \$900,000 MVD White Rock remodel – GSD purchased building that will require renovations for MVD field office
 - \$200,000 RPD/ACD high volume scanner
 - \$4,500,000 MVD Central Operation Modernization – 2nd floor Montoya Building

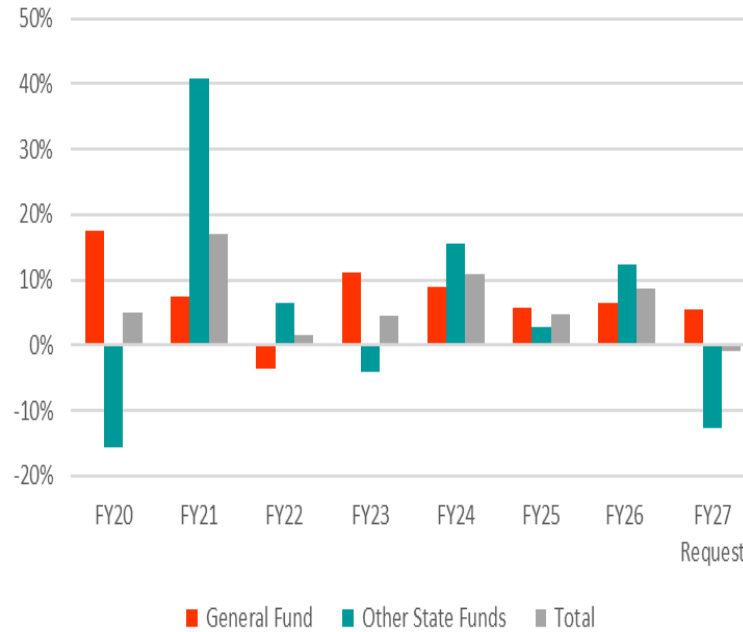
Historical Budget and Reversions

Tax & Rev Recurring General Fund and Other State Funds



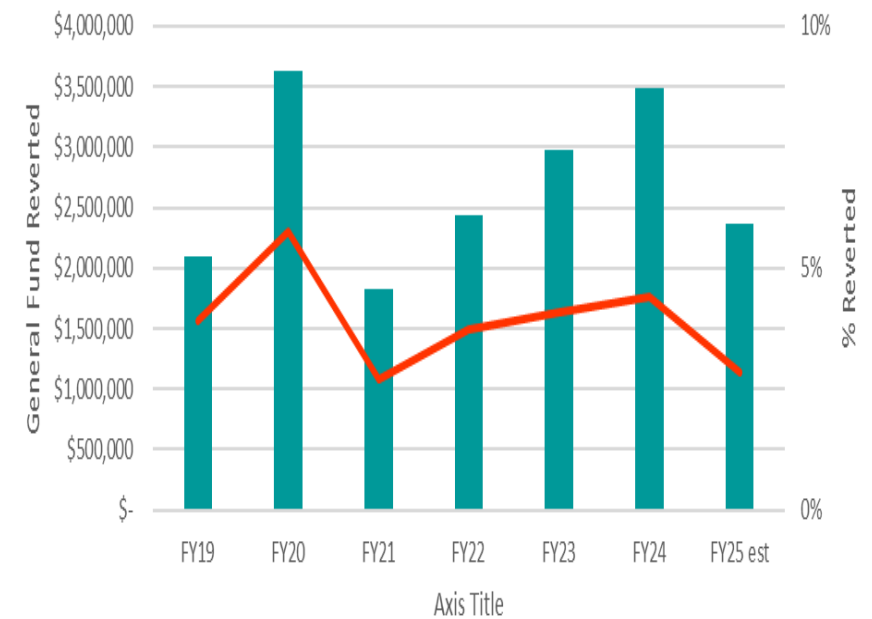
General Fund Federal Funds Other State Funds

Tax & Rev Percent Change Recurring Revenue



General Fund Other State Funds Total

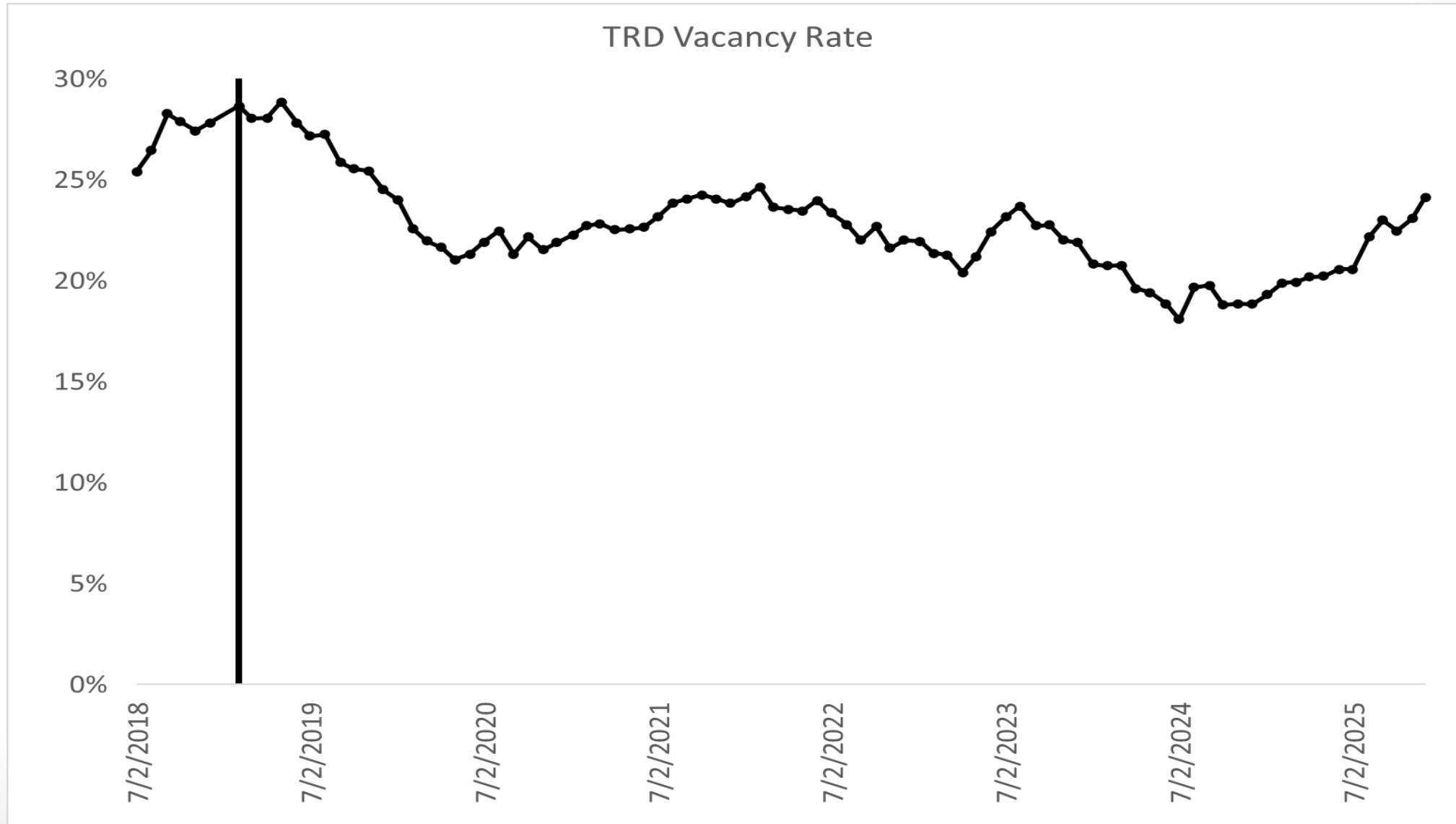
Reversions as a % of General Fund Operating Budget



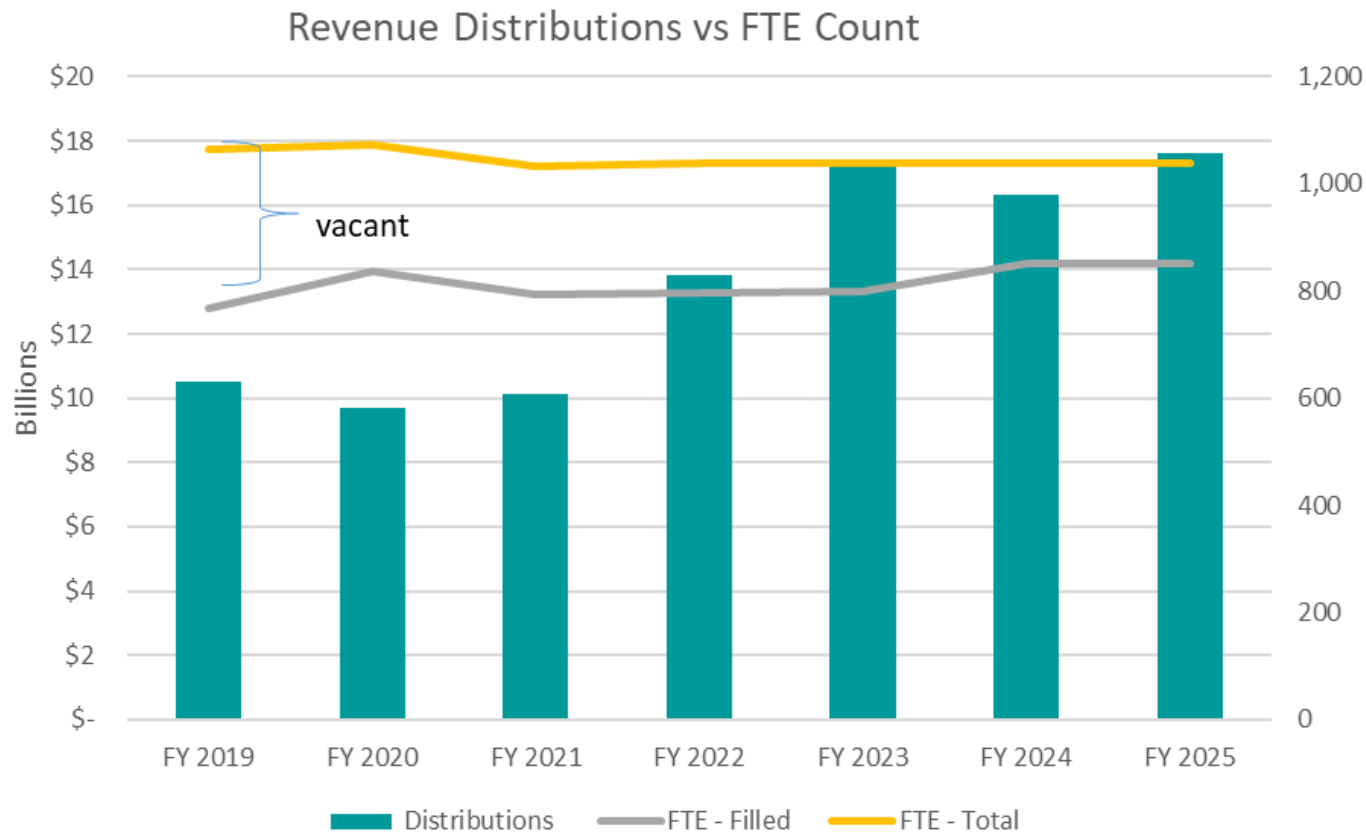
Reversions Percent

- Budget growth averaged 6.4% from FY19 through FY27 request
- Several new tax programs have been added to tax administration since FY2019 without additional FTE
- Reversions have averaged 3.9% attributed mainly to vacancies and supply chain issues during COVID period
 - About 43% of Tax & Rev vacancies are filled by internal promotion – creating a new vacancy – but agencies cannot factor that expectation into budget projections for purposes of hiring

Vacancy Rate 24.1% as of December 1, 2025



State revenues and distribution complexity have risen dramatically, Tax & Rev FTE count has fallen



- Several new tax programs and distributions added to Gentax since FY19 increase costs of system maintenance
- IT automation makes it possible
- Customer service delivery is challenged by revenues, tax programs and number of taxpayers outpacing agency growth
 - Call center wait times
 - Refund and return processing bottlenecks

FY27 Tax & Rev Appropriation Request – by P-Code (\$ in 000's)

FY27 DRAFT Appropriation Request by Pcode

	P572 Program Support			P573 Tax Administration			P574 Motor Vehicle			P575 Property Tax			P579 Compliance Enforcement		
	FY26	FY27	%	FY26	FY27	%	FY26	FY27	%	FY26	FY27	%	FY26	FY27	%
SOURCES:	OpBud	Request	Change Request	OpBud	Request	Change Request	OpBud	Request	Change Request	OpBud	Request	Change Request	OpBud	Request	Change Request
General Fund	29,747.6	31,607.1	6.3%	39,283.5	41,040.9	4.5%	17,675.4	18,829.9	6.5%	-	-	-100.0%	2,399.2	2,492.0	3.9%
Other Transfers	-	-	0.0%	-	-	0.0%	-	-	0.0%	-	-	0.0%	-	-	0.0%
Federal Revenue	-	-	0.0%	2,149.1	2,426.2	12.9%	589.5	852.9	44.7%	-	-	0.0%	-	-	0.0%
Other Revenue	951.0	951.0	0.0%	1,205.9	1,213.1	0.6%	36,706.3	29,914.5	-18.5%	7,376.7	7,945.2	7.5%	-	-	0.0%
Fund Balance	-	-	0.0%	-	-	0.0%	5,503.1	5,148.3	0.0%	-	-	0.0%	-	-	0.0%
TOTAL	30,698.6	32,558.1	6.1%	42,638.5	44,680.2	4.8%	60,474.3	54,745.6	-9.5%	7,376.7	7,945.2	7.5%	2,399.2	2,492.0	3.9%
USES:															
200 - PSEB	19,253.0	19,906.1	3.4%	33,765.0	35,101.1	4.0%	25,150.6	25,976.8	3.3%	4,632.3	4,937.5	6.2%	2,067.9	2,132.8	3.1%
300 - Contracts	8,199.2	9,209.4	12.3%	1,337.7	1,168.1	-12.7%	9,374.6	6,400.2	-31.7%	1,159.6	1,317.3	13.6%	9.4	17.4	85.1%
400 - Other	3,246.4	3,442.6	6.0%	7,535.8	8,411.0	11.6%	15,854.6	13,574.1	-14.4%	1,584.8	1,690.4	6.7%	321.9	341.8	6.2%
500 - Other Financing Uses	-	-	0.0%	-	-	0.0%	10,094.5	8,794.5	-12.9%	-	-	0.0%	-	-	0.0%
TOTAL	30,698.6	32,558.1	6.1%	42,638.5	44,680.2	4.8%	60,474.3	54,745.6	-9.5%	7,376.7	7,945.2	7.5%	2,399.2	2,492.0	3.9%

GF Increase % Without Recurring IT costs

3.1%

	ASD	IT	ACD	RPD	MVD	PTD	TFID
FY26 Budgeted Vacancy Rate	16.7%	24.3%	29.3%	21.1%	12.4%	5.1%	13.6%
FY27 Proposed Vacancy Rate	16.7%	24.3%	29.3%	21.1%	12.4%	2.4%	18.2%
(Reduced) Increased Vacancy Rate	0.0%	0.0%	0.0%	0.0%	0.0%	-2.7%	4.6%
FY27 Vacant FTE Number	17	18	100	28	41	1	4

FTEs:		FY26 OpBud	FY27 Request	Variance	
	Perm	1,009.49	1,009.49	-	FTE move from ACD to ASD HR: PN 1605: \$94.6K
	Term	28.17	28.17	-	
	Temp	5.78	5.78	-	
		1,043.44	1,043.44	-	

Thank you!

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