

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

Taxation and Revenue Department

For the third quarter of FY21, the Taxation and Revenue Department (TRD) fell slightly behind in meeting its annual target for collections of outstanding balances. While the department continues to fall short of its target for collectible audit assessments, the Audit and Compliance Division (ACD) is making slow but steady progress in increasing collectible audit assessments, improving its collection rate from approximately 20 percent to 30 percent over the past year.

Call center wait times in the Motor Vehicle Division (MVD) continued to increase, which MVD attributes to a more accurate measurement method, as well as higher call volumes. MVD has not tracked wait times in offices for the past year, citing a need to focus on Covid-19-related social distancing and hygiene practices. A lack of measurement makes it difficult to know how well MVD offices are able to serve customers, even with limited capacity. The division has implemented a number of customer-friendly changes that make it easier for drivers to conduct transactions remotely and in-person, and reopened offices at 100 percent capacity beginning in the fourth quarter.

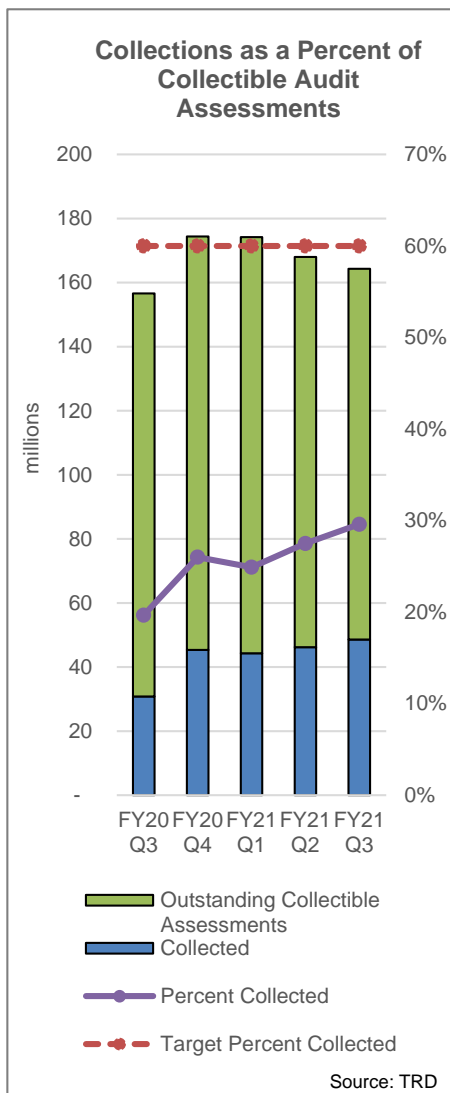
The agency's vacancy rate fell slightly, to 24.2 percent in May, after nearly a year of increasing. The agency points to high vacancy rates in its MVD call center and plans to focus on hiring for that division during the next quarter.

In response to the Covid-19 public health emergency, both MVD offices and TRD district offices were open by appointment only during the quarter. The department has not held delinquent property tax sales for the past five quarters.

Tax Administration

The Tax Administration Program is slightly behind in progress towards its annual target for collections of outstanding balances. As of the third quarter, the program had collected \$133.7 million, or nearly 15 percent, of its total collectible balance of \$896.9 million, or 65 percent of the target amount for the year.

The program again fell short of its goal for collectible audit assessments. At the end of the third quarter, the program had collected \$48.6 million, or 29.6 percent, of the \$164.3 million in collectible audit assessments, short of its goal of maintaining collections at 60 percent. However, the program continues to make slow but steady progress on this measure, increasing collectible audit assessments by almost 10 percentage points since the third quarter of FY20. ACD began using a new data analytics tool in FY20 to identify the most collectible audits, and expects performance on collectible audits to continue to improve over time as a result of the tool. TRD received a \$1.15 million appropriation to implement the tool, and has increased collections by almost \$20 million in the past year. While it is difficult to know how much use of the tool is directly tied to increasing collections, early indications suggest the tool may already have a very positive return on investment.



PERFORMANCE REPORT CARD

Taxation and Revenue Department
Third Quarter, Fiscal Year 2021

\$560.7 million

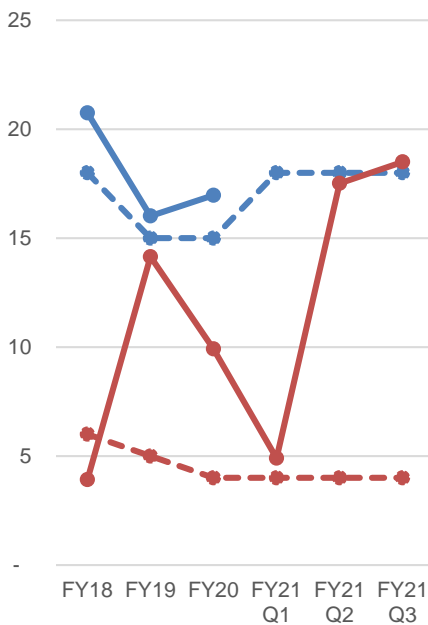
Amount under protest
(as of April 2021)

Budget: \$33,916 FTE: 495.8

Measure	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year*	19%	19%	23%	9.4%	12%	14.9%	Y
Collections as a percent of collectible audit assessments generated in the current fiscal year	49%	26%	60%	24.9%	27.5%	29.6%	Y
Program Rating	Y	Y					Y

*Target is cumulative

**Average Wait Time in MVD
Offices and Call Centers**
(in minutes)



Source: TRD

*Only MVD q-matic equipped offices

Motor Vehicle

For the fourth consecutive quarter, MVD did not report on office wait times, citing a need to focus on maintaining Covid-19-related social distancing and hygiene practices while offices are operating on an appointment-only basis and with limited capacity. MVD has made available additional online transaction types, including license renewal for New Mexicans over the age of 79, weight distance renewals, and interlock driver's licenses. In addition, MVD is testing a new queuing system to allow customers to check in remotely at offices. The improvements to online and in-person services will likely be beneficial even with expanded office capacity. As of the fourth quarter, all offices reopened at 100 percent capacity, while remaining on an appointment-only model.

MVD call center wait times continued to rise, increasing from under five minutes in the first quarter to 17.5 minutes in the second quarter and 18.5 minutes in the third quarter. However, MVD recently changed the way it measures call times, using a weighted average based on volume of different call types. For example, MVD now weights English-language calls, which tend to have a longer wait time, more heavily, as they account for the majority of all calls. TRD may want to consider updating its targets to better reflect the new, more accurate, method of measurement. MVD call volume continued to increase, although not as much as in recent quarters, growing by almost 6 percent from the previous quarter. TRD indicated that the increased volume made it challenging to keep up with calls, and the call center's vacancy rate also increased over the past year. As MVD offices increase capacity in the fourth quarter, pressure on call centers will likely decrease. A new phone system allows more customers to wait on hold, but likely also contributes to a higher rate of abandoned calls. In March, 52 percent of customers abandoned their calls.

The share of registered vehicles with liability insurance continued to increase slightly, nearly reaching the target of 92 percent.

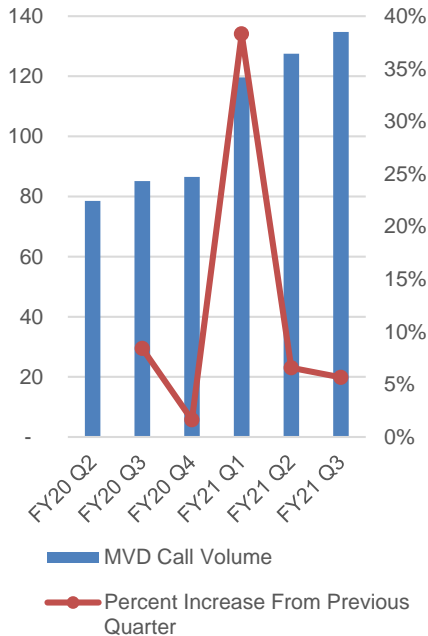
Budget: \$40,396 FTE: 326

Measure	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Registered vehicles with liability insurance	90.4%	90.6%	92%	91.2%	91.3%	91.4%	Y
Average wait time in "q-matic" equipped offices, in minutes	16:01	16:29	<18:00	NR	NR	NR	R

PERFORMANCE REPORT CARD

Taxation and Revenue Department
Third Quarter, Fiscal Year 2021

MVD Call Volume
(in thousands)



Source: TRD

Average call center wait time to reach an agent, in minutes

14:09

9:55

<4:00

4:54

17:31

R

Program Rating

Y

Y

R

Compliance Enforcement

The agency is on track to meet its target for referral of tax investigations to prosecutors. The number of tax investigations opened annually is small, causing this measure to fluctuate significantly between each quarter. Only one tax fraud case was prosecuted – successfully – during the third quarter, leading to a 100 percent success rate. Due to the Covid-19 pandemic, the courts are experiencing a delay in scheduling hearings.

Budget: \$1,656 FTE: 21

Measure	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	61%	114%	85%	25%	50%	20%	G
Successful tax fraud prosecutions as a percent of total cases prosecuted*	100%	100%	N/A	0%	0%	100%	G
Program Rating	R	G					G

*Measure is explanatory and does not have a target

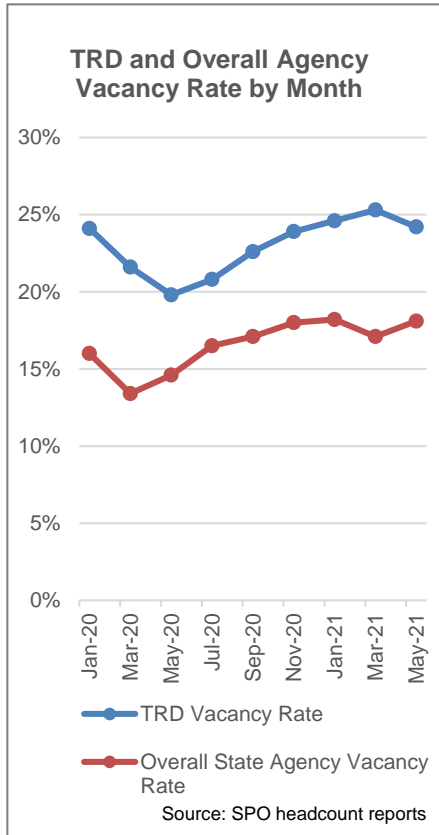
Property Tax

In the third quarter of FY21, the Property Tax Program collected and distributed to counties \$1.6 million in delinquent property taxes, reaching nearly 50 percent of the annual target, and recovered 2.5 percent of total delinquent property taxes, or nearly 62 percent of the annual target. Public sales of delinquent property have not taken place for the previous four quarters, due to public health restrictions. TRD indicates it will begin holding property sales in the next quarter.

Budget: \$4,226 FTE: 41

Measure	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Delinquent property tax collected and distributed to counties, in millions	\$12.9	\$10.4	\$13	\$2.5	\$2.2	\$1.6	Y
Percent of total delinquent property taxes recovered	21.2%	18.7%	18%	4.9%	3.7%	2.5%	Y
Dollar value of all delinquent property tax sales held, in thousands	\$244.4	\$435.6	\$800	\$0	\$0	\$0	R
Program Rating	G	Y					Y

Program Support



The department is running slightly behind in meeting its annual performance target for the number of tax protest cases resolved, resolving 334 cases in the second quarter of FY21, or nearly 70 percent of its total target number of cases for FY21.

The department submitted a figure of 73 percent for internal audit recommendations implemented, which is on track to meet a goal of 92 percent for FY21. However, the Internal Audit Division is engaged in documenting procedures for all of TRD, and is counting completed internal controls as part of the performance measure on implementation of internal audit recommendations. The work of the internal audit team has shifted since FY20 to assist in business process improvement, and supporting other divisions in identifying and documenting internal controls. These efforts reflect the result of previous audit findings on agency-wide lack of documented controls. TRD intends to build business process improvement capacity within its divisions, allowing the internal audit team to refocus its efforts on internal audits, while still providing support on internal controls. While business process improvement is an important agency-wide goal, it may not be the best measure of internal audit performance. TRD may wish to consider a separate performance measure to gauge progress on internal controls. So far in FY21, the division has completed 26 internal procedures and 15 audits.

Budget: \$21,077 **FTE:** 182

	FY19	FY20	FY21	FY21	FY21	FY21	
Measure	Actual	Actual	Target	Q1	Q2	Q3	Rating
Tax protest cases resolved	1,003	1,744	1,550	432	310	334	Y
Internal audit recommendations implemented	61%	94%	92%	43%	73%	73%	Y
Program Rating	R	Y					Y