

The Taxation and Revenue Department’s (TRD) Program Support Division surpassed the annual target of resolved tax protest cases, ensuring compliance with state laws and promoting taxpayer understanding of those laws. The Audit and Compliance Division met the target for implementation of internal audit recommendations, but the Tax Administration Division fell short on targets for collecting outstanding tax balances—an issue which was the subject of a 2021 LFC Program Evaluation and continues to warrant improvements. The Property Tax Division (PTD) reached its target of returning recovered property taxes to New Mexicans, reducing the total amount of delinquent property taxes statewide to \$56.9 million. TRD’s Compliance Enforcement did not reach the target of tax investigations referred to prosecutors. The Motor Vehicle Division is continuing to fill vacancies and work with vendors to improve appointment queuing processes; as of June, TRD’s agencywide vacancy rate was 25 percent.

Program Support

TRD Program Support Division reviewed and resolved 1,690 protest cases. In the fourth quarter, 378 protest cases were reviewed and resolved, with five percent of the cases having a hearing at the Administrative Hearings Office. This included scheduling, merits, motions, and continuous hearings.

Budget: \$9157.6 **FTE:** 101

Measure	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Tax protest cases resolved	1,744	1,590	1,525	1,690	G
Internal audit recommendations implemented	95%	100%	92%	97%	G
Program Rating	G	G			

Tax Administration

At the beginning of the fiscal year, the Tax Administration program had a collectible balance of \$963 million, of which the program collected \$149.5 million, or 15.5 percent of the total. The accounts receivable reductions resulted from amended returns, abatements, deactivations, bankruptcy, and reversals. The total FY22 reduction, beginning with accounts receivable, was \$411.9 million, bringing the balance to \$813.5 million.

Budget: \$23,082.0 **FTE:** 344

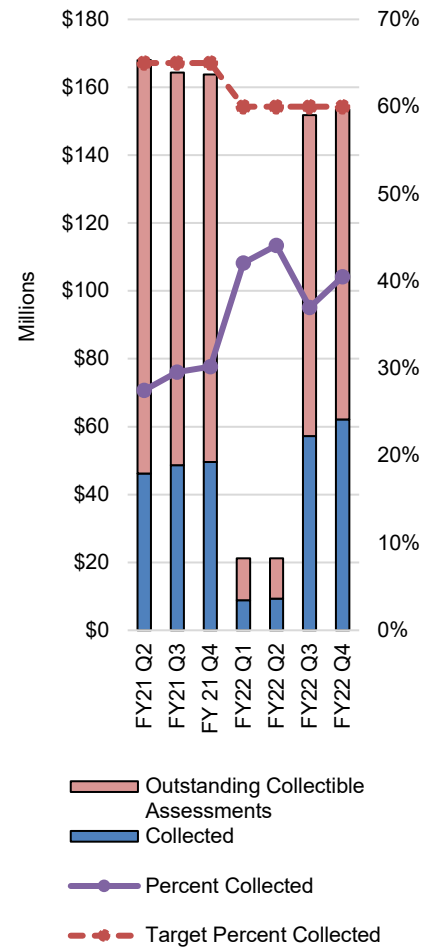
Measure	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year*	19%	17.6%	25%	15.5%	R
Collections as a percent of collectible audit assessments generated in the current fiscal year	26%	30.3%	60%	40.5%	R
Program Rating	R	R			

*Target is cumulative

ACTION PLAN

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

Collections as a Percent of Collectible Audit Assessments



Motor Vehicle

An increase in the number of registered vehicles with liability insurance was attributed to the annual process in which insurance companies remove all policies from the MVD system and resubmit all current policies. There was an increase, but the actual number could be higher, TRD reported. Along with ongoing issues with insurance companies incorrectly reporting fleet and commercial policies, the uninsured rate reported could be inflated. The insured vehicle data was collected on a weekly, monthly, and quarterly basis to monitor compliance. MVD is exploring options to increase compliance among all jurisdictions and demographics.

The average call center wait time to reach an agent was nearly nine minutes. An increase of one minute and 39 seconds since the third quarter is due to high call volumes and an increased number of vacancies at the center. Because field offices are open by appointment only, customers frequently reach out to the call center. Turnover was due to staff moving to other TRD divisions for promotional opportunities, including a MVD senior agent position. The MVD call center is working to fill six vacancies, which will help to maintain and improve wait times. The MVD vacancy rate has decreased from 19.3 percent in July 2021 to 14.2 percent in June 2022, the lowest vacancy rate of all TRD's divisions.

Budget: \$51,343.7 **FTE:** 331

Measure	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Registered vehicles with liability insurance	91%	91%	93%	91.1%	Y
Average wait time in "q-matic" equipped offices, in minutes	16:29	8:00	<20:00	6.48	G
Average call center wait time to reach an agent, in minutes	3:55	15:11	<10:00	8:38	Y
Program Rating	Y	Y			G

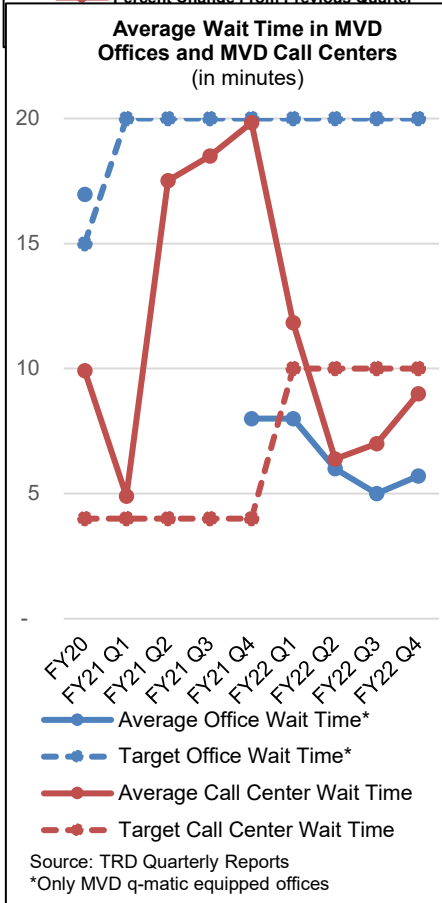
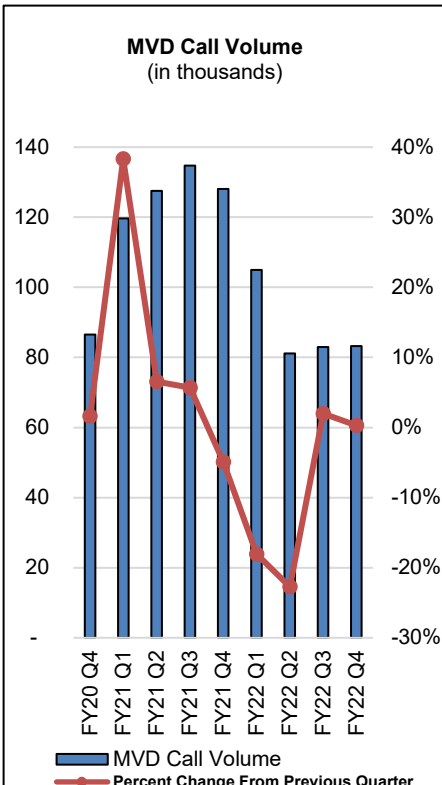
*Measure is classified as explanatory and does not have a target.

Property Tax

Preliminary delinquent property taxes collected and distributed to counties is \$10.6 million. The Property Tax Division (PTD) reached its target of returning \$12 million in recovered property taxes to New Mexico's counties. There is an additional upside from the counties that have data submissions owed to PTD. The total of delinquent taxes statewide totals \$56.9 million. Through TRD's detection and correction of faults in software, delinquency lists have improved reliability every quarter.

Budget: \$5,326.2 **FTE:** 39

Measure	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Delinquent property tax collected and distributed to counties, in millions	\$10.4	\$8.2	\$12.0	\$12.0	G
Percent of total delinquent property taxes recovered	18.7%	18.7%	15%	23%	G
Program Rating	G	G			



Source: TRD Quarterly Reports
*Only MVD q-matic equipped offices

Compliance Enforcement

The Tax Fraud and Investigation Division (TFID) has assisted numerous third-party agencies with financial and investigative expertise on different cases throughout FY22. Tax investigations referred to prosecutors as a percent of total investigations assigned during the year decreased since last quarter, resulting in a cumulative total of 50 percent. Only one case was referred to the court system during the quarter and eight were opened. TRD indicates there is a delay between the initiation of a case and the referral to prosecution, which could potentially result in a lower reported percentage of investigations. Within respective quarters, case referrals can sometimes match the total cases submitted for the fiscal year, indicating a high referral rate based on case completion. TFID conducts extensive analysis to provide the best evidence for prosecution which will extend the life of the case.

Budget: \$1642.6 **FTE:** 21

Measure	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	114%	67%	85%	50%	R
Successful tax fraud prosecutions as a percent of total cases prosecuted*	100%	N/A	N/A	100%	G
Program Rating	R	G			

*Measure is explanatory and does not have a target

