

SENATE FINANCE COMMITTEE SUBSTITUTE FOR  
SENATE BILL 47

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

AN ACT

RELATING TO TAXATION; REQUIRING THE SECRETARY OF TAXATION AND  
REVENUE TO DEVELOP 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.--

A. No later than October 15 of each year, the  
secretary, in cooperation with the secretary of economic  
development, 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

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underscored material = new  
[bracketed material] = delete

1 committee and the legislative finance committee. The tax  
2 expenditure budget shall report on tax expenditures with  
3 revenue impacts of more than five hundred thousand dollars  
4 (\$500,000) in the aggregate for a specific tax expenditure.

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

7 A tax expenditure budget shall:

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

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

13 (3) quantify the revenue expended by the state  
14 from each tax expenditure;

15 (4) identify the aggregate amount of each tax  
16 expenditure and the number of businesses that used the tax  
17 expenditure;

18 (5) identify unexpected effects of the tax  
19 expenditure that were not within the original expected outcomes  
20 of the tax expenditure that have come to the attention of the  
21 department;

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

24 (7) include an estimate of jobs created and  
25 the number of businesses that potentially qualified for but

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1 failed to apply for a tax expenditure from reports provided by  
2 the economic development department.

3 C. The economic development department shall  
4 estimate the jobs created and the number of businesses that  
5 potentially qualified for but failed to apply for a tax  
6 expenditure and shall report those projections to the taxation  
7 and revenue department. Unless specifically prohibited by  
8 another section of law:

9 (1) the taxation and revenue department shall  
10 provide the economic development department with the aggregate  
11 information of taxpayers who benefit from a tax expenditure;

12 (2) taxpayers who are allowed tax expenditures  
13 by state law shall provide information as requested by the  
14 taxation and revenue department or the economic development  
15 department for purposes of analyzing tax expenditures and  
16 reporting to the legislature on the value, benefit and use of  
17 those tax expenditures, as required by this section or Section  
18 9-15-56 NMSA 1978; and

19 (3) the taxation and revenue department and  
20 the economic development department are authorized to request  
21 from a state agency or a local government agency official  
22 information necessary to complete the tax expenditure budget  
23 required by this section, and an agency or official shall  
24 comply with a request made pursuant to this section by either  
25 department.

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1 D. As used in this section:

2 (1) "jobs created" means the net increase of  
3 full-time jobs that exceeds the full-time equivalent of jobs  
4 that existed at the beginning of the reporting period, provided  
5 that the additional jobs can specifically be attributed to use  
6 of a tax expenditure, including:

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

9 (b) the full-time equivalent of jobs  
10 created that were previously filled by employees on contract;  
11 and

12 (c) new jobs created;

13 (2) "significant general fund revenue  
14 sources" means state taxes, including but not limited to the  
15 gross receipts tax, compensating tax, corporate income tax,  
16 personal income tax, tobacco excise tax, liquor excise tax,  
17 taxes levied on natural resource production and sale, motor  
18 vehicle excise tax, gaming excise tax and other sources of  
19 revenue such as rents and royalties, tribal revenue sharing,  
20 fire protection fund reversions, premium taxes and the leased  
21 vehicle surcharge;

22 (3) "tax expenditure" means a deduction, credit,  
23 exemption, exclusion, rebate, offset, preferential tax rate,  
24 subtraction or allowance or related tax structure that reduces  
25 tax liability when compared with a normal tax system as

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1 determined by the secretary; and

2 (4) "tax expenditure budget" means a  
3 compilation of information about New Mexico's tax expenditures  
4 that includes data from the three years preceding the current  
5 fiscal year, the current fiscal year and the upcoming fiscal  
6 year."

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

9 "[NEW MATERIAL] DEDICATED REVENUE BUDGET--MANDATORY  
10 REPORT--DEADLINE.--

11 A. No later than October 15 of each year, the  
12 secretary shall compile a dedicated revenue budget for the  
13 upcoming fiscal year and present the dedicated revenue budget,  
14 including an analysis of tax expenditures, to the governor, the  
15 legislative interim revenue stabilization and tax policy  
16 committee and the legislative finance committee. The dedicated  
17 revenue budget shall report on dedicated annual revenues of  
18 more than five hundred thousand dollars (\$500,000) in the  
19 aggregate for a specific dedicated revenue beneficiary.

20 B. A dedicated revenue budget shall detail the  
21 approximate projected dedicated revenue for the following  
22 fiscal year that will be unavailable to the general fund.  
23 A dedicated revenue budget shall:

24 (1) identify each dedicated revenue item and  
25 its statutory basis, purpose, year of enactment and date of

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1 repeal, if any;

2 (2) identify the beneficiaries of each  
3 dedicated revenue item, including the uses of the dedicated  
4 revenue;

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

7 (4) identify significant unintended effects of  
8 the dedicated revenue that have come to the attention of the  
9 department; and

10 (5) provide a total of all of the collections  
11 and appropriations in each fiscal year for all dedicated  
12 revenue.

13 C. The department may request from a state agency  
14 or a local government agency official information necessary to  
15 complete the dedicated revenue budget required by this section.  
16 An agency or official shall comply with a request made pursuant  
17 to this section unless a specific statutory confidentiality  
18 provision prohibits doing so.

19 D. As used in this section, "dedicated revenue"  
20 means an expenditure of a tax or fee that is dedicated to a  
21 specific program or purpose, as defined by constitution or  
22 statute."