

SENATE BILL

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

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO TAXATION; REQUIRING THE SECRETARY OF TAXATION AND
REVENUE TO DEVELOP A TAX EXPENDITURE 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 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
interim legislative revenue stabilization and tax policy
committee and the legislative finance committee. The tax

.183341.1

1 expenditure budget shall report on tax expenditures with
2 revenue impacts of more than five million dollars (\$5,000,000)
3 in the aggregate for a specific tax expenditure.

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

6 A tax expenditure budget shall:

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

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

12 (3) quantify the revenue invested by the state
13 from each tax expenditure;

14 (4) identify the beneficiaries of each tax
15 expenditure, including the number of businesses that used the
16 tax expenditure, jobs created and the number of businesses that
17 potentially qualified for but failed to use the tax
18 expenditure;

19 (5) identify significant unintended effects of
20 the tax expenditure that have come to the attention of the
21 department; and

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

24 C. The department is authorized to request from a
25 state agency or a local government agency official information

1 necessary to complete the tax expenditure budget required by
2 this section. An agency or official shall comply with a
3 request made pursuant to this section by the department unless
4 a specific statutory confidentiality provision prohibits doing
5 so.

6 D. As used in this section:

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

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

14 (b) the full-time equivalent of jobs
15 created that were previously filled by employees on contract;
16 and

17 (c) new jobs created;

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

1 vehicle surcharge;

2 (3) "tax expenditure" means a deduction, credit,
3 exemption, exclusion, rebate, offset, preferential tax rate,
4 subtraction or allowance or related tax structure that reduces
5 tax liability when compared with a normal tax system as
6 determined by the secretary; and

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

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