

Performance Report Card
Taxation and Revenue Department
Third Quarter, Fiscal Year 2013

Performance Overview: The Tax Administration Program is on target to meet its collections goals for FY13, and requirements for electronically-filed tax returns have increased e-filing to more than 90 percent for personal income and combined reporting returns. The Motor Vehicle Division received recognition for progress toward organizational change and recent successes such as the dramatic decrease in wait times for the Carlsbad field office. However, while the TRD has been somewhat proactive in efforts to limit tax fraud (with several recent and notable success stories), it could follow the lead of other states that have taken more action to limit fraud and reduce the “tax gap,” or the total amount of taxes owed but not paid. For example, the department could develop a multi-year plan to address root causes of New Mexico’s tax gap, including various types of tax fraud.

Tax Administration		Budget: \$30,681.7	FTE: 526	FY11 Actual	FY12 Actual	FY13 Target	Q1	Q2	Q3	Rating
1	Collections as a percent of collectable audit assessments generated in the current fiscal year * (cumulative)			51%	64.2%	45%	52%	71.4%	64%	G
2	Collections as a percent of collectable outstanding balances from end of June 30, 2012 * (cumulative)			15.4%	18.4%	15%	8.5%	11.6%	15%	G
3	Percent of electronically filed personal income tax and combined reporting system returns *			63.3%	82.1%	65%	79.8%	82.6%	90.5%	G
Program Rating				G	G					G
Comments: In FY13 the Tax Administration Program received approval from the State Personnel Office to reclassify auditors at a more competitive higher pay band to help the department recruit and retain qualified auditors. Additionally, e-filing has reduced some staffing pressures within the program. The program is on target to meet collections goals for FY13 and continues to exceed targets for electronically-filed tax returns. It is recommended that the program develop a targeted audit plan to help ensure resources are focused to maximize collection efforts and assessments for taxes due the state.										
Motor Vehicle		Budget: \$24,812.0	FTE: 348	FY11 Actual	FY12 Actual	FY13 Target	Q1	Q2	Q3	Rating
4	Average call center wait time to reach an agent, in minutes*			9:19	6:41	6:00	9:52	7:45	3:54	G
5	Percent of registered vehicles with liability insurance*			90.9%	91.8%	92.0%	90.7%	91.3%	90.7%	Y
6	Average wait time in q-matic equipped offices, in minutes*			27:36	25:06	20:00	28:12	22:29	23:41	Y
Program Rating				R	Y					Y
Comments: Wait times for both the MVD call center and in q-matic equipped offices are significantly improved over the first quarter. As one example, the division employed CORE (Customer Outcomes Re-Engineering) to improve wait times in Carlsbad from 90 minutes to less than 10 minutes. The MVD developed a business plan and committed itself to evaluating business practices and making necessary changes to improve performance. Among improvements is the roll-out of a centrally-controlled q-matic system that will ensure consistent use of the equipment and improve data reliability. The division is also adding staff during high call volume times and is merging its call center with its Operations Center to bring additional staff capacity to the call queue. Finally, the MVD has provided staff with wireless headsets; this has reduced average call times since staff can remain productive when printing documents or consulting management.										
Property Tax		Budget: \$3,223.5	FTE: 41	FY11 Actual	FY12 Actual	FY13 Target	Q1	Q2	Q3	Rating
7	Percent of counties in compliance with sales ratio standard of eighty-five percent assessed value to market value * (annual)			93.3%	97%	90%	Reported Annually			
Program Rating				G	Y					
Comments: Property taxes contribute approximately \$1.5 billion of revenue to New Mexico’s counties annually. In FY12, the program resolved 13,134 delinquent property tax accounts and returned approximately \$11.3 million in delinquent property tax obligations to New Mexico’s counties, an all time high. The program will discontinue a measure regarding percent of appraisals or valuations for companies conducting business within the state subject to state assessment, reasoning it cannot										

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determine the total number of companies conducting business within the state subject to state assessment. Companies are required to self-report this information.

Compliance Enforcement		Budget: \$2,054.9	FTE: 28	FY11 Actual	FY12 Actual	FY13 Target	Q1	Q2	Q3	Rating
8	Number of tax investigations referred to prosecutors as a percent of total investigations assigned during the year* (cumulative)			44%	15%	40%	50%	25%	67%	G
9	Successful tax fraud prosecutions as a percent of total cases prosecuted			93%	100%	90%	Reported Annually			
Program Rating				G	Y					G

Comments: Program management reported additional responsibilities, such as identifying fraudulent tax returns and investigating violations of the governor's foreign national driver license initiative, have taken a toll on the program's mission to enforce criminal statutes relative to the New Mexico Tax Administration Act. The cumulative totals through the third quarter are six assigned cases to investigators and four referred for prosecution; the second quarter for this measure was erroneously reported by the department as 0% in the second quarter report card.

Program Support		Budget: \$20,391.0	FTE: 193	FY11 Actual	FY12 Actual	FY13 Target	Q1	Q2	Q3	Rating
10	Percent of driving-while-intoxicated drivers license revocations rescinded due to failure to hold hearings in ninety days* (cumulative)			.29%	.20%	<1.0%	0.08%	0.53%	0.56%	G
Program Rating				G	G					G

Comments: A total of 1,260 implied cases were scheduled for the third quarter. Of these, seven cases were rescinded for issues related to officer or TRD administrative error. The program is on target to meet its annual goal.

* Denotes House Bill 2 measure