

1 HOUSE BILL 152

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

4 Elizabeth "Liz" Thomson

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10 AN ACT

11 RELATING TO TAXATION; REQUIRING THE DEVELOPMENT OF A TAX  
12 EXPENDITURE BUDGET AND A DEDICATED REVENUE BUDGET.

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14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

15 SECTION 1. A new section of the Tax Administration Act is  
16 enacted to read:

17 "[NEW MATERIAL] TAX EXPENDITURE BUDGET--MANDATORY REPORT--  
18 DEADLINE.--

19 A. No later than October 15 of each year, the  
20 consensus revenue estimating group shall compile a tax  
21 expenditure budget for the upcoming fiscal year and present the  
22 tax expenditure budget, including an analysis of tax  
23 expenditures, to the governor, the legislative interim revenue  
24 stabilization and tax policy committee and the legislative  
25 finance committee. The tax expenditure budget shall report on

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1 tax expenditures chosen by the consensus revenue estimating  
2 group; provided that all tax expenditures with revenue impacts  
3 of more than one million dollars (\$1,000,000) in the aggregate  
4 for a specific tax expenditure shall be reported before the end  
5 of the five-year period following the effective date of the  
6 provisions of this section, and each five-year period  
7 thereafter.

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

10 A tax expenditure budget shall:

11 (1) include a projection of the costs of tax  
12 expenditures for all general fund revenue sources;

13 (2) identify each tax expenditure and its  
14 statutory basis, purpose, year of enactment and date of repeal,  
15 if any;

16 (3) quantify the revenue expended by the state  
17 from each tax expenditure;

18 (4) identify the aggregate amount of each tax  
19 expenditure and the number of businesses that used the tax  
20 expenditure;

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

25 (6) provide a total of all of the costs in

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1 each fiscal year for all tax expenditures; and

2 (7) include an estimate of jobs created and  
3 the number of businesses that potentially qualified for but  
4 failed to apply for a tax expenditure from reports provided by  
5 the economic development department.

6 C. The economic development department shall  
7 estimate the jobs created and the number of businesses that  
8 potentially qualified for but failed to apply for a tax  
9 expenditure and shall report those projections to the consensus  
10 revenue estimating group.

11 D. Unless specifically prohibited by another  
12 section of law:

13 (1) the department shall provide the consensus  
14 revenue estimating group with the aggregate information of  
15 taxpayers who benefit from a tax expenditure;

16 (2) taxpayers who are allowed tax expenditures  
17 by state law shall provide information as requested by the  
18 consensus revenue estimating group for purposes of analyzing  
19 tax expenditures and reporting to the legislature on the value,  
20 benefit and use of those tax expenditures, as required by this  
21 section or Section 9-15-56 NMSA 1978; and

22 (3) the consensus revenue estimating group may  
23 request from a state agency or a local government agency  
24 official information necessary to complete the tax expenditure  
25 budget required by this section, and an agency or official

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1 shall comply with a request made pursuant to this section.

2 E. As used in this section:

3 (1) "consensus revenue estimating group" means  
4 the professional economists of the department of finance and  
5 administration, the department of transportation, the taxation  
6 and revenue department and the legislative finance committee;

7 (2) "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 (3) "tax expenditure" means a deduction,  
19 credit, exemption, exclusion, rebate, offset, preferential tax  
20 rate, subtraction or allowance or other deviation from a tax  
21 system that reduces tax liability as determined by the  
22 consensus revenue estimating group; and

23 (4) "tax expenditure budget" means a  
24 compilation of information about New Mexico's tax expenditures  
25 that includes data from the three years preceding the current

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1 fiscal year, the current fiscal year and the upcoming fiscal  
2 year."

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

5 "[NEW MATERIAL] DEDICATED REVENUE BUDGET--MANDATORY  
6 REPORT--DEADLINE.--

7 A. No later than October 15 of each year, the  
8 consensus revenue estimating group shall compile a dedicated  
9 revenue budget for the upcoming fiscal year and present the  
10 dedicated revenue budget, including an analysis of tax  
11 expenditures, to the governor, the legislative interim revenue  
12 stabilization and tax policy committee and the legislative  
13 finance committee. The dedicated revenue budget shall report  
14 on dedicated annual revenues chosen by the consensus revenue  
15 estimating group; provided that all dedicated annual revenues  
16 with revenue impacts of more than one million dollars  
17 (\$1,000,000) in the aggregate for a specific dedicated revenue  
18 beneficiary shall be reported before the end of the five-year  
19 period following the effective date of the provisions of this  
20 section, and each five-year period thereafter.

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

24 A dedicated revenue budget shall:

- 25 (1) identify each dedicated revenue item and

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1 its statutory basis, purpose, year of enactment and date of  
2 repeal, if any;

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

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

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

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

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

21 D. As used in this section:

22 (1) "consensus revenue estimating group" means  
23 the professional economists of the department of finance and  
24 administration, the department of transportation, the taxation  
25 and revenue department and the legislative finance committee;

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1 and

2 (2) "dedicated revenue" means an expenditure  
3 of a tax or fee that is dedicated to a specific program or  
4 purpose, as defined by constitution or statute."

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