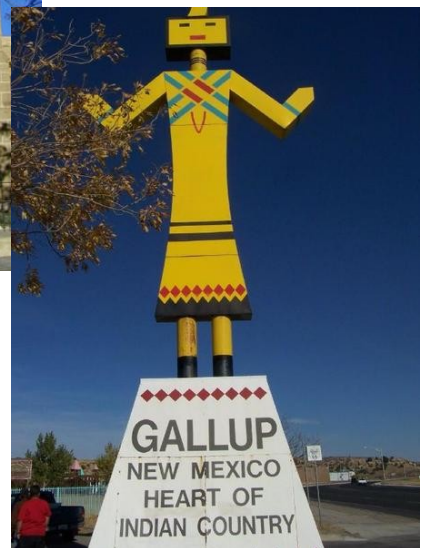
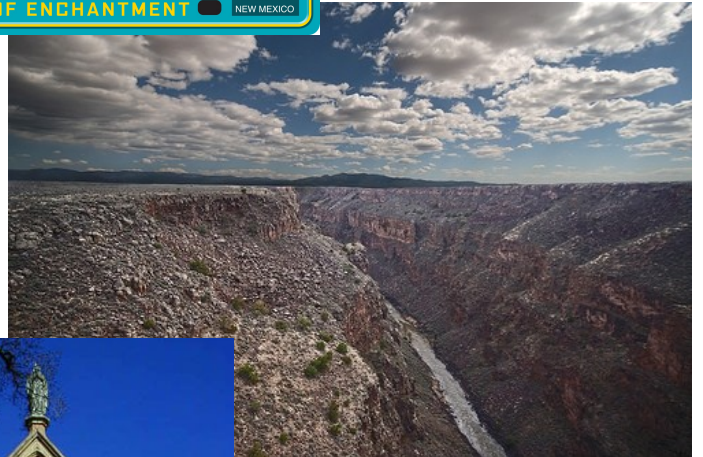


New Mexico Taxation and Revenue Department



Quarterly Performance Report September 30, 2009



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New Mexico
Taxation and Revenue Department

Our Vision Mission, Values and Goals



Our Vision

The Taxation and Revenue Department (the Department) will enhance the quality of life for all New Mexicans by effectively collecting and distributing funds to support schools and state and local government operations and by protecting public safety through effective administration of motor vehicle laws. The Department strives to be professional, fair, consistent and responsive to citizens and respected as an excellent state agency.

Our Mission

The Department will administer and enforce, with fairness warranting the public's confidence, New Mexico's taxation and revenue laws and motor vehicle code through a system that efficiently and securely delivers quality customer services.

Our Values

Accountability: Taking responsibility for our actions and performance.

Professionalism: Demonstrating competence, resourcefulness and the highest standards of conduct.

Integrity: Committing to honest and ethical behavior.

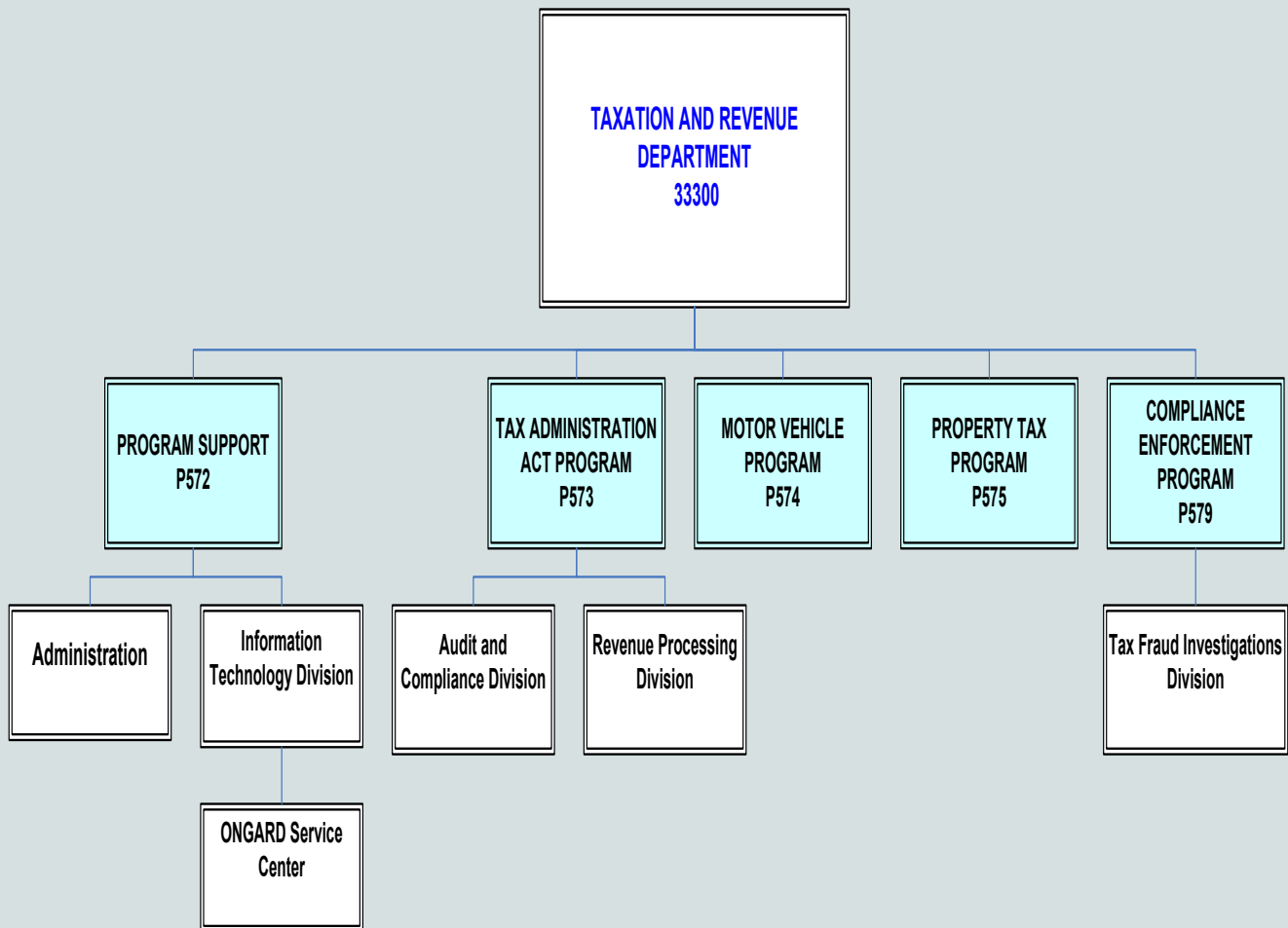
Respect: Honoring diversity, recognizing individual contributions and treating people with courtesy.

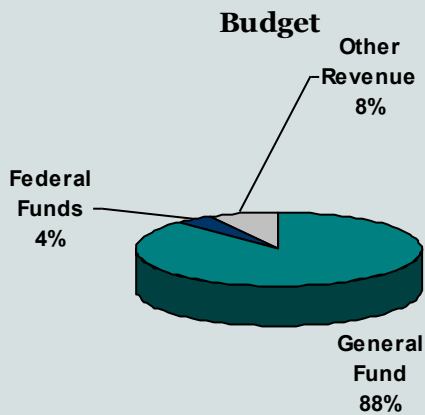
Open Communication: Interacting effectively, building cooperative relationships and encouraging creative ideas.

Our Goals

- *Provide professional and effective service that meets the needs of all customers.*
- *Provide consistent and fair management practices that encourage employee development, productivity and integrity.*
- *Deliver high-quality information technology services that are reliable, accessible, secure and meet all internal and external needs.*
- *Deliver responsive, fair and efficient administration of tax and motor vehicle programs to fund public services.*

Taxation and Revenue Department





Budget: \$35,225,800
FTE: 617.7

Description

The Tax Administration Act (TAA) program consists of the Audit and Compliance Division (ACD) and the Revenue Processing Division (RPD). These divisions are responsible for returns processing, auditing, collections and taxpayer assistance functions.

Purpose

The overall mission of the Tax Administration Act program is to collect tax and fee revenues for the State of New Mexico and its political subdivisions through the fair, impartial and consistent application of the New Mexico tax laws by implementing effective and timely collection, deposit and auditing activities.

COMPLIANCE ENFORCEMENT

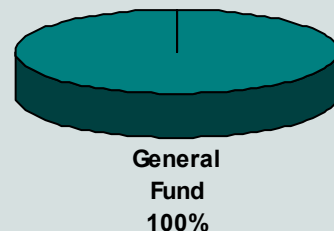
Description

The Compliance Enforcement Program conducts investigations of persons suspected of criminal tax violations to determine if prosecution is warranted. In the investigative process, the division works to obtain sufficient evidence from financial records, witnesses and other sources in order to sustain convictions through the New Mexico judicial system.

Purpose

The mission of the Tax Fraud Investigations Division is to support the overall TRD mission by enforcing the criminal statutes relative to the Tax Administration Act and other related financial crimes, as they impact state taxes, in order to identify and prosecute fraud, while encouraging and achieving voluntary compliance with tax laws.

Budget



Budget: \$2,496,500

FTE: 36

PROPERTY TAX

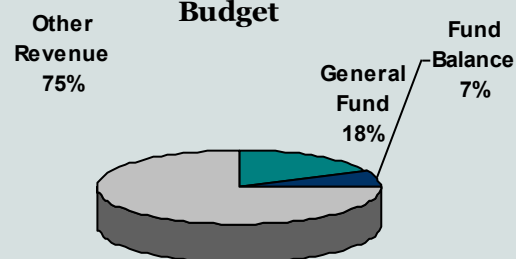
Description

The Property Tax Program includes the Property Tax Division (PTD) which encompasses three separate bureaus: The State Assessed Properties Bureau (SAPB) processes property tax returns for New Mexico's 550 multi-county property tax accounts, which constitute approximately 10% of New Mexico's property tax base. The Appraisal Bureau provides technical assistance to New Mexico's 33 counties pertaining to valuation of multi-family, commercial, special use properties and personal property. The Delinquent Property Tax Bureau receives county property tax accounts for collection after two years of non-payment.

Purpose

The mission of the Property Tax program is to administer the Property Tax Code in a professional and efficient manner ensuring fair and equitable valuation of all property classes in the state.

Budget

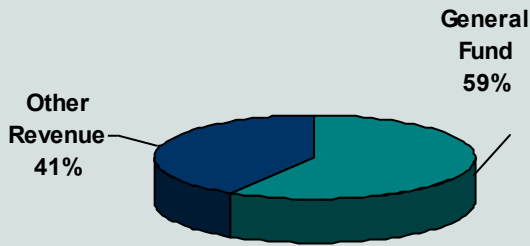


Budget: \$3,486,500

FTE: 49

MOTOR VEHICLE DIVISION

Budget



Budget: \$25,702,700

FTE: 384

Description

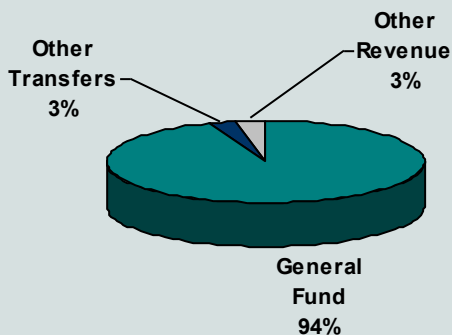
The duties of the Motor Vehicle Division (MVD) are to license commercial and non-commercial drivers; register, title, and license commercial and non-commercial vehicles and boats; license auto dealers and title service companies and contract with private partners to provide selected MVD services. MVD is responsible for assuring compliance with the Motor Vehicle Code (Chapter 66, NMSA 1978).

Purpose

The mission of MVD is to coordinate and administer the New Mexico Motor Vehicle Code and to provide Motor Vehicle Division customers with quality products and services to enhance safe and efficient motor vehicle operations.

PROGRAM SUPPORT

Budget



Budget: \$22,966,600

FTE: 229

Description

Program Support provides TRD with: top management direction and support; tax policy advice; development and collaboration; taxpayer customer service; and administrative support services. The operating units in this program include the Office of the Secretary, Administrative Services Division, Information Technology Division, and the Oil, Natural Gas Administration and Revenue Database (ONGARD) Service Center.

Purpose

Program Support strives to assure the TRD meets its vision, mission and objectives by providing department management and guidance; sound tax policy and accurate information; administrative and fiscal management support; and taxpayer customer service. This program ensures TRD meets statutory, regulatory and internal administrative requirements by performing its tasks in an effective, efficient and positive fashion.

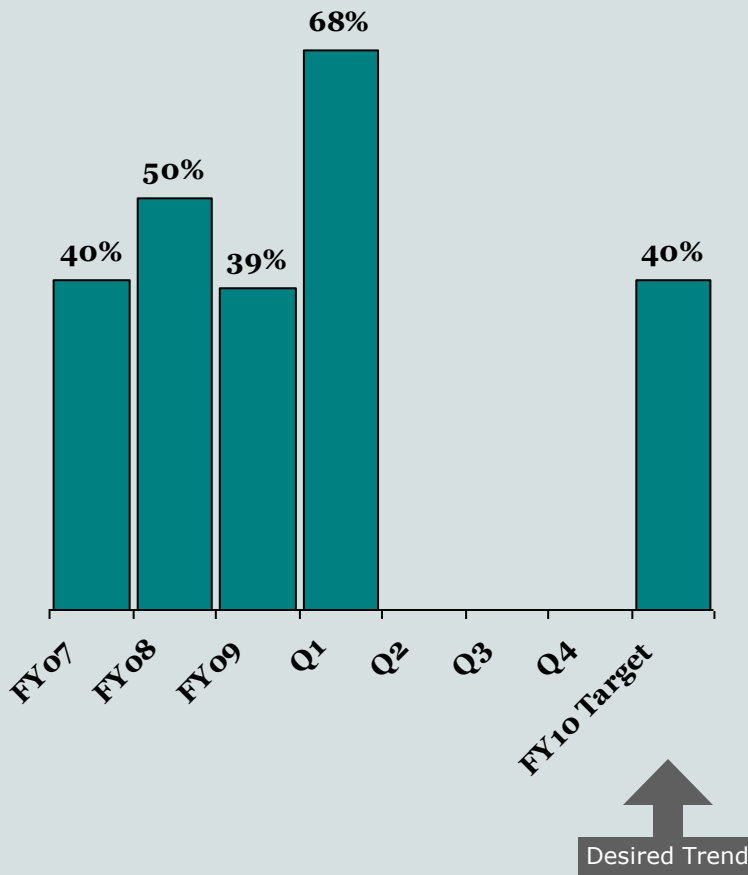
QUARTERLY PERFORMANCE AT A GLANCE

	Key Measure	FYo8 Actual	FYo9 Actual	FY10 Target
P573	Collections as a percent of collectable audit assessments generated in the current fiscal year	50%	39%	40%
	Collections as a percent of collectable outstanding balances from the end of the prior fiscal year	20.8%	21.9%	20%
P579	Successful tax fraud prosecutions as a percent of total cases prosecuted	100%	100%	100%
P574	Average call center wait time to reach an agent, in minutes	4.52	1.92	3.45
	Percent of registered vehicles with liability insurance	90%	90.5%	91%
	Average wait time in q-matic equipped offices, in minutes	14	16.8	14
P575	Percent of counties in compliance with sales ratio standard of eighty-five percent assessed value to market value	N/A	91%	90%
P572	Percent of driving-while-intoxicated drivers license revocations rescinded due to failure to hold hearings within ninety days	1%	.43%	<1%

PERFORMANCE MEASURE

Collections as a percent of collectible audit assessments generated in the current fiscal year

FY07 Results	FY08 Results	FY09 Results	FY10 Target
40%	50%	39%	40%



Data Source:

Cost recovery report and monthly statistical reports; the dollars assessed and the % are cumulative.

STRATEGIC GOAL:

Maintain audit collections of audits assessed at a constant 40% in the year of assessment.

OBJECTIVE:

This will measure the Department's effectiveness in generating audit assessments that are collectible. The percentage reflects the amount of audit assessments generated this fiscal year that were also paid in this fiscal year. Tape match assessments are not included in this measure. Beginning in FY08 TRD is tracking all audit assessments generated in GenTax: previously only CRS, CIT and PIT were tracked.

ACTION PLAN:

Continue to assess collectible audits and immediately start collection action when the account becomes delinquent (31 days).

EXPLANATION:

First quarter assessments totaled \$ 12.73M; \$10.43M is less than 60 days old leaving a collectible balance of \$ 2.29M. Collection cannot be enforced until after 60 days. Of the collectible balance, \$1.56M has been collected, resulting in a 68% recovery rate for the first quarter.

CORRECTIVE ACTION PLAN:

Target on track for cumulative result.

TAX ADMINISTRATION ACT

STRATEGIC GOAL:

Maintain collections as a percent of outstanding balance from 10% in FY05 to a sustained 20%.

OBJECTIVE:

This is a cumulative measurement, goal is to collect 20% of the \$426.9 M by 6/30/10. This will measure how well TRD collectors are working with taxpayers to collect taxes that are due and to reduce the accounts receivable balance.

ACTION PLAN:

Continue to increase dialer hours (taxpayer contacts), to re-evaluate collection strategies, and to focus on a balance between old outstanding assessments and new assessments. Every effort is being made to concentrate on new assessments which are more collectible in the early stages. TRD plans to outsource the collection of certain receivables to outside collection agencies this fiscal year. Collectible balances exclude accounts past the statutes of limitations, protested accounts, and accounts in bankruptcy.

EXPLANATION:

Collections toward the fiscal year beginning accounts receivable balance of \$414.5M are \$34.2M or 8.2%. The beginning accounts receivable balance has also been reduced by an additional \$26.6M as a result of amended returns, abatements, deactivations and reversals. The total 1st quarter reduction in the fiscal year beginning accounts receivable is \$60.7M or 14.7 % bringing the balance to \$353.7M.

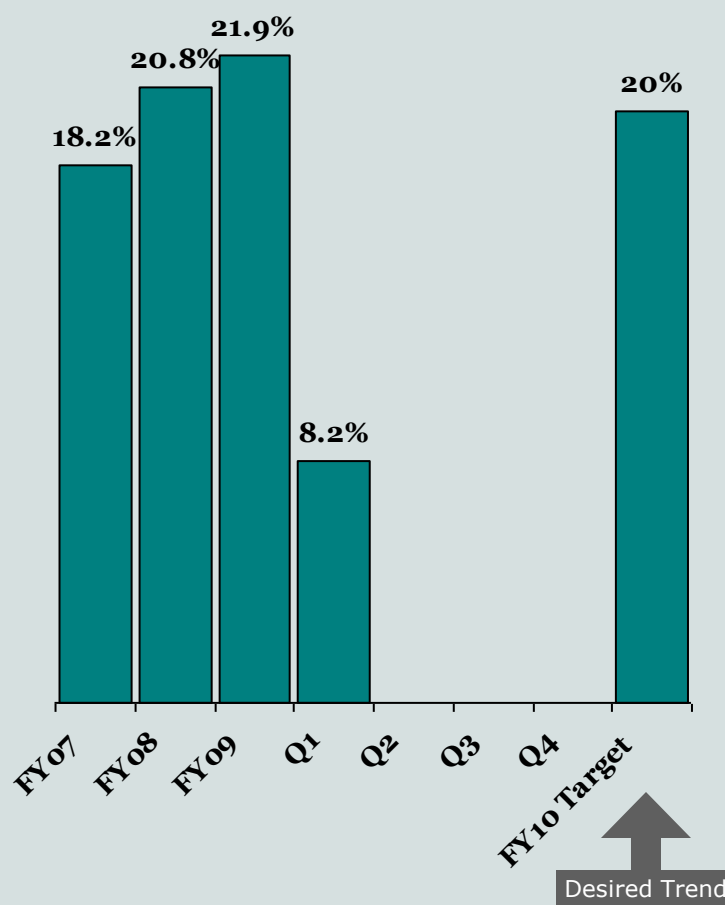
CORRECTIVE ACTION PLAN:

Target on track for cumulative result.

PERFORMANCE MEASURE

Collections as a percent of collectible outstanding balances from the end of the prior fiscal year

FY07	FY08	FY09	FY10 Target
18.2%	20.8%	21.9%	20%



Data Source:

GenTax "Prior Year Receivables FY09 Summary" DataMart. Payments divided by fiscal year ending (FYE) receivables equals the collections percentage. FYE receivables minus total reductions equals the total amount outstanding.

COMPLIANCE ENFORCEMENT

STRATEGIC GOAL:

Maintain a 100% success rate of total cases prosecuted.

OBJECTIVE:

Identify, investigate, and support prosecution of tax fraud — both to collect the specific monies due and to act as a deterrent to other who might consider fraud. Successful prosecutions (and the ensuing publicity) are key measures of success.

ACTION PLAN:

Support the overall mission of the Taxation and Revenue Department by enforcing the criminal statutes relative to the Tax Administration Act and other related financial crimes, as they impact state taxes. In order to encourage and achieve voluntary compliance with the state tax laws.

EXPLANATION:

There were no prosecutions this quarter.

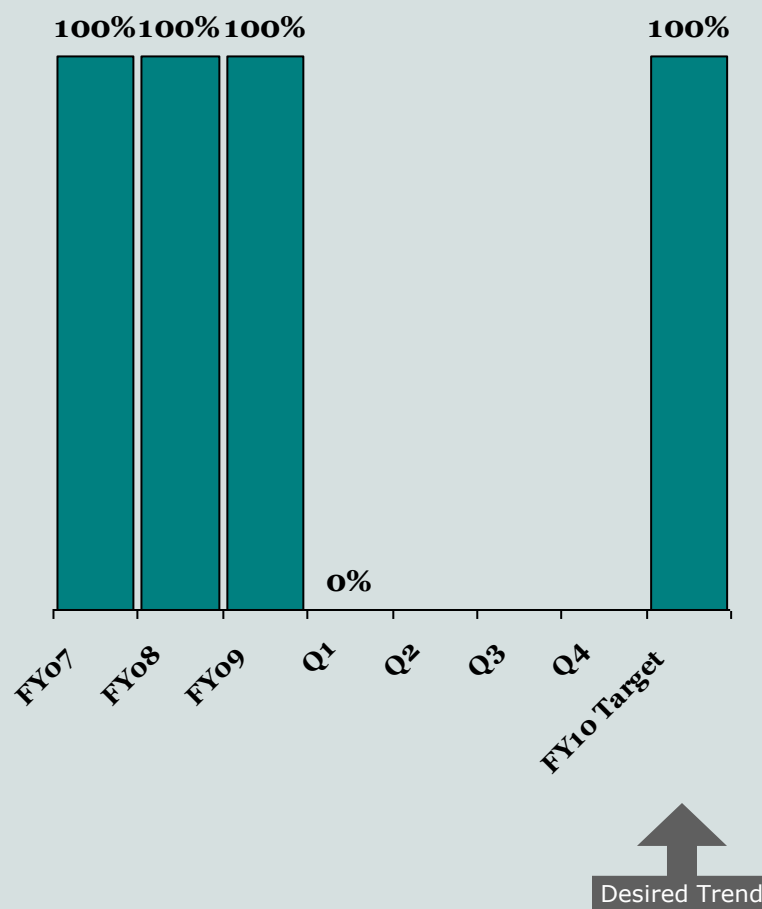
CORRECTIVE ACTION PLAN:

For the first quarter FY 2010, the Tax Fraud Investigations Bureau has not had any prosecutions to report for the calculation of the performance measure. Two cases were referred to the District Attorney's Office in the first quarter FY 2010 and we have seven cases that were referred in FY 2009 that have not yet been indicted. We will include these cases when the judicial system process is complete on each individual case, but this completion time can not be reasonably determined and should not be a basis for future projections.

PERFORMANCE MEASURE

Successful Tax Fraud prosecutions as a percent of total cases prosecuted

FY07	FY08	FY09	FY10 Target
100%	100%	100%	100%



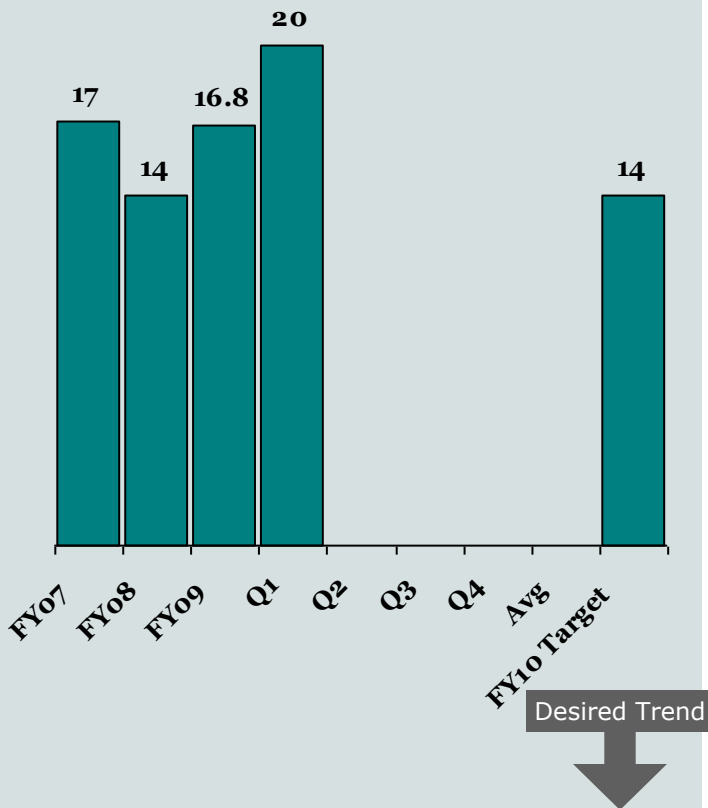
Data Source:

Guilty pleas proceedings on file with State District Courts.

PERFORMANCE MEASURE

Average wait time in Q-Matic equipped offices, in minutes

FY07	FY08	FY09	FY10 Target
17	14	16.8	14

**Data Source:**

Data is collected using the Q-Matic software located in: Alamogordo, Belen, Carlsbad, Clovis, Cottonwood, Espanola, Farmington, Gallup, Grants, Las Cruces, Las Vegas, Los Alamos, Los Lunas, Metro, Montgomery Plaza, Moriarty, Portales, Raton, Rio Bravo, Roswell, Ruidoso, Sandia vista, Santa Fe, Silver City, Socorro, T or C, and Tucumcari. (Note: the q-matic equipment in the Taos office has not been replaced since the fire in that office destroyed the equipment.)

STRATEGIC GOAL:

Provide quality customer services that are consistent, efficient, timely and accurate .

OBJECTIVE:

The twenty-seven offices equipped with an automated system for measuring wait-time account for the majority of state field transactions.

ACTION PLAN:

Collect wait time data on a weekly basis and analyze data to identify offices that are and that are not meeting the target. Data is reported on a weekly basis and used to identify and address underperformance.

EXPLANATION:

The wait-time average for the first quarter was 19.63 (20%). It went from a low of 16.36 minutes to a high of 23.22 minutes. The hiring freeze continues to impact the MVD field offices. The vacancy rate was 12.5% at the end of the last quarter and has risen to 15% this quarter.

Corrective Action Plan:

MVD plans to implement an appointment process, express lines, substitute clerk program for peak periods, implement 3rd party testing for skills tests, increase and simplify online services, improve automated call center to expand options and improve capabilities, quality control program to provide monitoring of offices, review process flows and streamline where possible, increase and improve training of field office managers and agents and fill vacancies if approved. MVD's focus is on the quality and completing tasks error free rather than rushing to meet wait time measure.

MOTOR VEHICLE

STRATEGIC GOAL:

Reduce the number of uninsured motorists in New Mexico

OBJECTIVE:

The purpose of the program is to enforce the Mandatory Financial Responsibility Act (66-5-201 through 66-5-239 NMSA) by monitoring all registered vehicles to be in compliance with the minimum liability insurance requirements.

ACTION PLAN:

- Create process-flow diagram for tracking of first and second letter notification results.
- Create process description for use in initial and recurring training.
- Continue mailing of first notification letter and revocation letter.
- Determine system “level-off” percentage.
- Analyze system to determine how to increase the insured rate above the “level-off” percentage.
- Implement improvement actions and re-evaluate.

EXPLANATION:

The reported vehicle insured rate is calculated by subtracting the non-use rate from the uninsured rate. The insured rate range for the first quarter was from a high of 91.16% to a low of 90.68% with a 1st quarter average of 90.93%. As in the entire 3rd and 4th quarter of FY 2009, the weekly insured rate never dropped below 90%, still well above the national average of around 85.4% regardless of New Mexico Demographics and tight economic conditions. Although there is still a continual decrease in the uninsured rate attributed to even-handed administration of the program, continual refinements in the tracking and compliance efforts of the program continue, to include working with the New Mexico PRC to aid in bringing insurance companies into compliance for timely reporting.

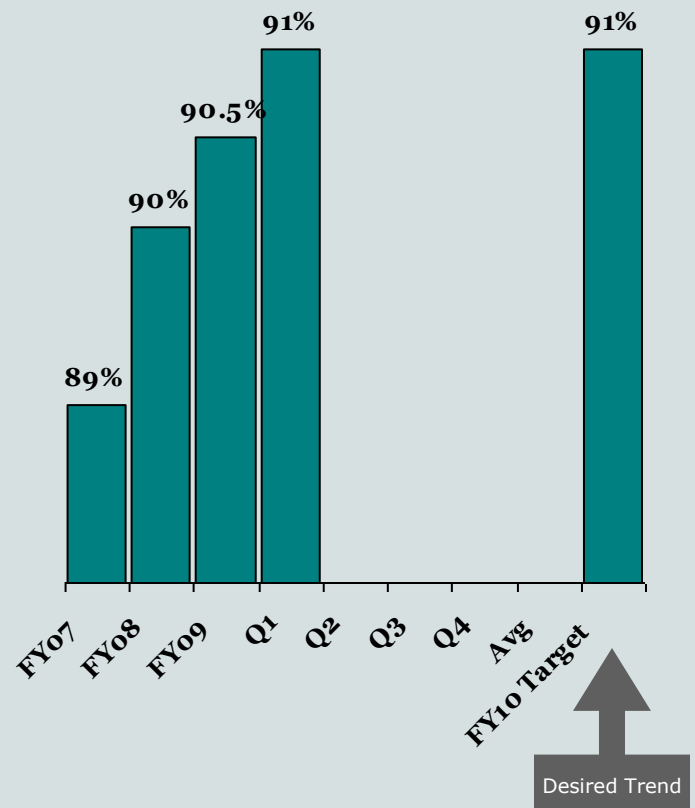
Corrective Action Plan:

Target met.

PERFORMANCE MEASURE

Percent of registered vehicles with liability insurance

FY07	FY08	FY09	FY10 Target
89%	90%	90.5%	91%



Data Source:

Three data sources will be used

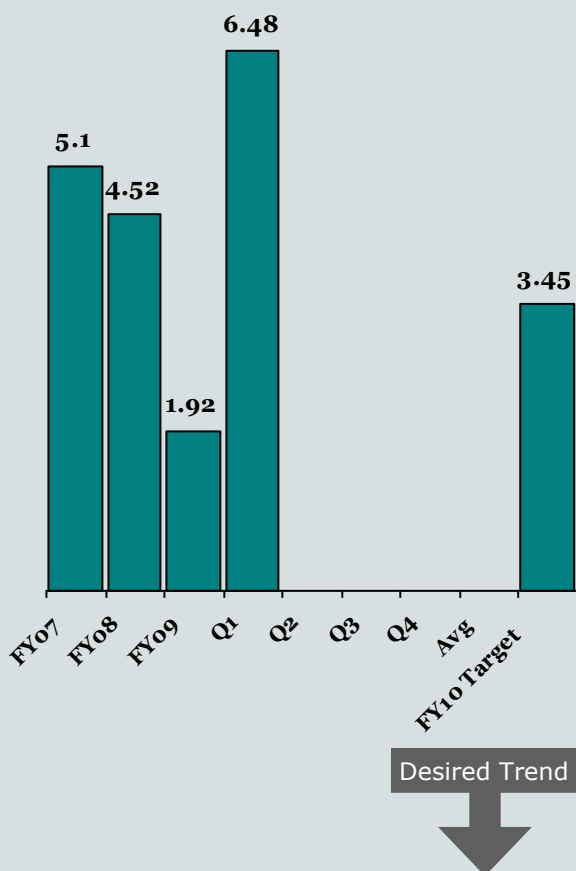
- a. MVD's vehicle database
- b. Individual insurance company's vehicle databases
- c. Insurance Identification Database

ITD maintains the MVD vehicle database 3rd-party contractor receives individual insurance company vehicle insurance information (minimum monthly) and compares these databases against the MVD vehicle database.

PERFORMANCE MEASURE

Average call center wait time to reach an agent, in minutes

FY07	FY08	FY09	FY10 Target
5.1	4.52	1.92	3.45

**Data Source:**

Call Center wait-time data will be taken from the IVR system.

STRATEGIC GOAL:

Provide quality customer services that are consistent, efficient, timely, and accurate.

OBJECTIVE:

Respond to in-coming calls in the Motor Vehicle Division Call Center in a timely manner.

ACTION PLAN:

- Create a process description for use in initial and recurring training.
- Rewrite IVR system script to reduce need to talk to call center person.
- Analyze data to identify possible improvement actions to include process improvement and staffing adjustments.
- Implement improvement actions and reevaluate.

EXPLANATION:

A total of 73,459 calls were answered by clerks. The single largest call driver for this report period were XC5's, which are the 17,000 pending suspension notices that were sent to New Mexico drivers who had unresolved citations in other states. Central Issuance is also a strong secondary call driver due to the inability to resolve the customers issue resulting in repeated callbacks, but this is due to a lack of communication to those that are foreign nationals. High wait times in Field Offices also contribute to increased call traffic. The 6.48 minutes result is the average time it took in the first quarter to reach a clerk once chosen from the IVR system. Overall call time has increased 13 seconds from the last quarter at 3:19 and this is a direct result of clerks having to research foreign national ID's. In the past, call time variance typically was 3-5 seconds for most quarters. One clerk position has been vacated since June as a result of retirement.

CORRECTIVE ACTION PLAN:

MVD is working on filling a clerk position, which is projected to answer 2,000 calls a month. MVD will have completed the XC5 error correction process enabling notification levels to resume their normal levels resulting in fewer calls generated. For the foreign national ID status calls, MVD will work with the Tax Fraud Division to create an automated process to notify the customer via US mail with reasons MVD did not issue an ID and the steps the customer can take to resolve the issue. This letter will provide contact information and proper documentation needed. By proactively providing the customer with the information to resolve their situation, the Division expects to see a decrease in the number of calls to the Call Center.

PROPERTY TAX

STRATEGIC GOAL:

Improve Sales Ratio Study to include measures of pre-sales assessment and assessor performance.

OBJECTIVE:

The State Assessed Property Bureau (SAPB) values the property of 450 to 600 companies doing business in multiple counties. The property value of these entities constitutes approximately 11% of the assessed property value in New Mexico. While the number of appraisals/valuations is just an activity measure, it provides some helpful perspective on workings of the Property Tax Division.

ACTION PLAN:

Each year the Property Tax Division's Appraisal Bureau collects sales data from all thirty-three counties. The Division compares the sales data to current assessments reported by the County Assessor's Offices. This study is completed toward the end of July in each calendar year. The FY10 result reflects the 2009 reassessment of sales (Sales Ratio Study) that occurred in calendar year 2008.

EXPLANATION:

This is an annual study. The FY10 results were completed in July of 2009.

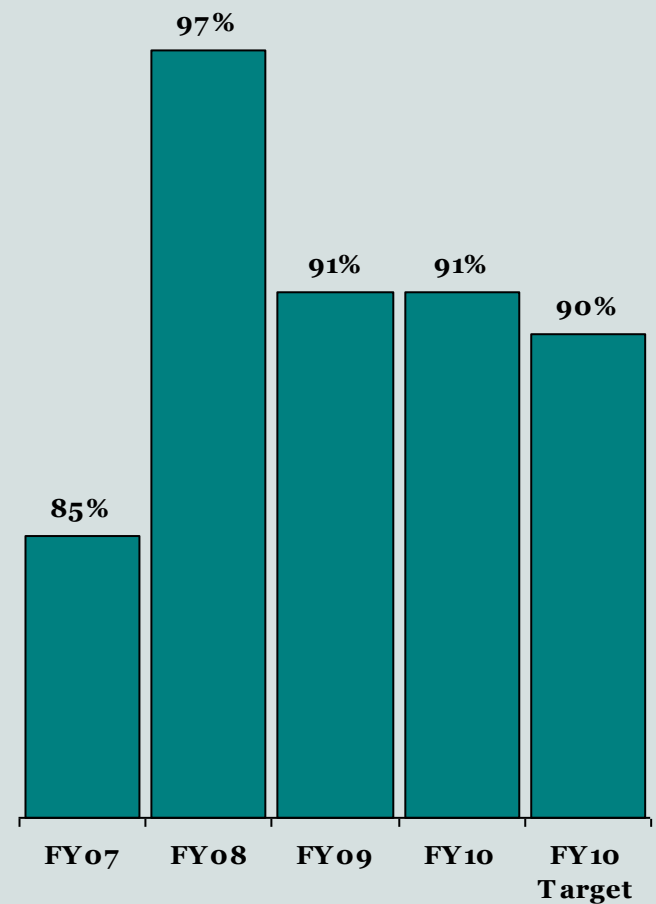
CORRECTIVE ACTION PLAN:

Target met.

PERFORMANCE MEASURE

Percent of counties in compliance with sales ratio standard of eighty-five percent assessed value to market value

FY07	FY08	FY09	FY10	FY10 Target
85%	97%	91%	91%	90%



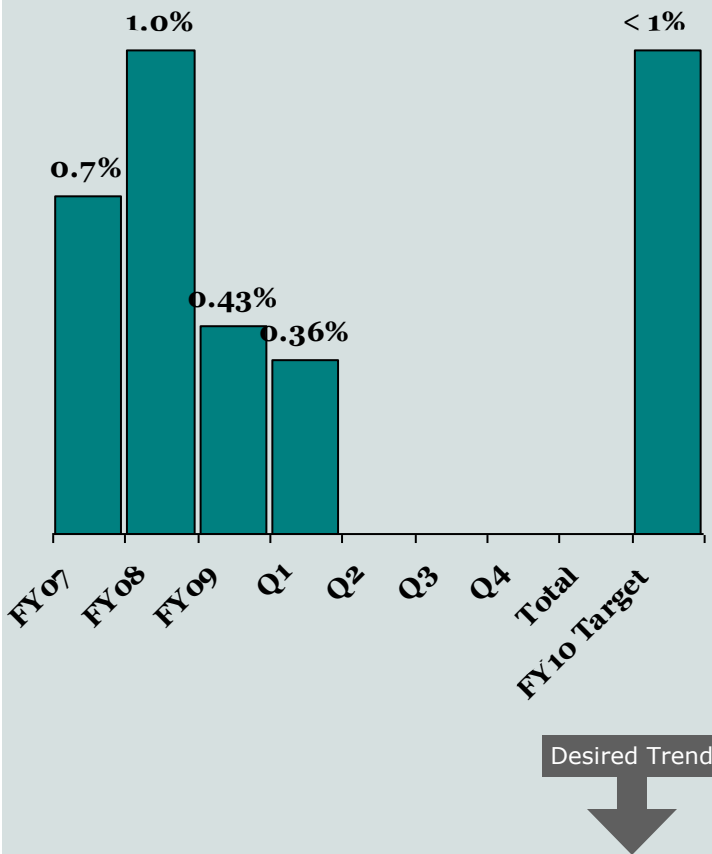
Data Source:

Sales and assessments are reported by the County Assessors. This is an annual study. The FY10 results were completed in July of 2009.

PERFORMANCE MEASURE

Percent of DWI driver's license revocations rescinded due to failure to hold hearings within ninety days

FY07	FY08	FY09	FY10 Target
0.7%	1.0%	0.43%	<1.0%

**Data Source:**

The Hearing Bureau uses data retrieved from the MVD database. The Chief Hearing Officer also researches the Hearing Bureau's own database for decisions that are rescinded based on the code listed by the hearing officers.

STRATEGIC GOAL:

To ensure that hearings are held within the ninety days to prevent DWI offenders from keeping their licenses due to failure to hold hearings within the ninety day period because of administrative errors.

OBJECTIVE:

Under the Implied Consent Act, drivers are entitled to a hearing within 90 days to contest the suspension of their license. If the hearing is not held within this timeframe, the driver's license is no longer suspended.

ACTION PLAN:

The Hearing Bureau continues to review its procedures for scheduling cases to provide both timely notice to the drivers and law enforcement officers and to set the hearings on a date that allows cases to be reset when there are errors with the notice or hearings canceled because of snow days.

EXPLANATION:

A total of 1,385 cases were scheduled in the first quarter; 5 of the cases were rescinded due to the following errors:

lack of current or incorrect information, miscommunications and illness.

Corrective Action Plan:

Target met.

