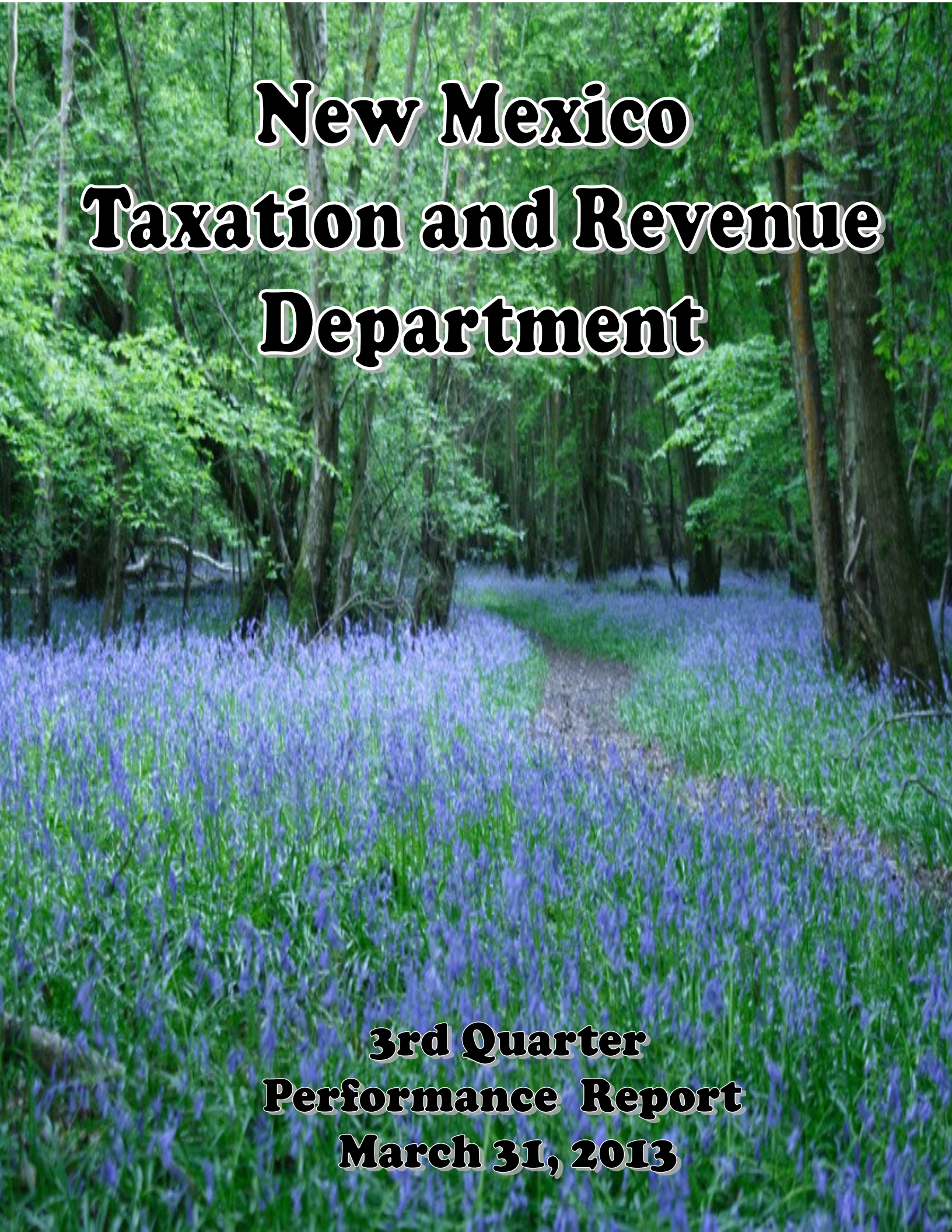


A photograph of a forest path covered in a dense carpet of bluebell flowers. The path leads into a wooded area with many trees and green foliage in the background.

New Mexico Taxation and Revenue Department

**3rd Quarter
Performance Report
March 31, 2013**



New Mexico

Taxation and Revenue Department

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INTRODUCTION

Section 6-3A-1 through §6-3A-8 NMSA 1978 of the Accountability in Government Act set forth the framework and requirements for performance-based budgeting for New Mexico. A performance based budget links funding to the goals and objectives set out by agencies in their strategic plans. It also formally establishes quantitative targets for performance measures. Among the principles that guide performance-based budgeting is the need to link appropriations with programmatic outcomes rather than simply budget categories or individual account codes. Strategic plans establish goals and objectives for the agency that serve as tools for making resource allocation decisions. Proposed funding levels are accompanied by specific, documented expectations in the form of performance measures.

Performance measures should enhance program performance and accountability, ultimately leading to improved services for New Mexicans. Periodically agencies review and propose changes to identify which services have had strong outcomes and which have had poor or weak results and why. This encourages the agency to focus on results and how best to deliver services. The better the relationship between performance measures, program activities, and desired outcomes; the more relevant and useful data becomes for budget and policy decision making. Performance measures highlight key issues related to the program's desired outcomes. Measuring all of a program's activities is not as useful as measuring a few key items.

Section 6-3A-9 NMSA 1978 requires (1) the State Budget Division (SBD) of the Department of Finance and Administration, in consultation with the Legislative Finance Committee (LFC), to identify key agencies and selected key measures to report quarterly. Taxation and Revenue Department was selected as the key agency. The agency collaborated with SBD and LFC staff to select key measures and develop an agency's format for quarterly reporting. SBD is the final authority for approval of key measures and reporting format.

Each quarterly report includes the following standard items:

- The agency mission statement
- A program purpose statement for each budgeted program

Each key measure in the quarterly report should include the following:

- A measure statement consistent with the legislative bill drafting style
- Four years of historical data (if available, otherwise indicate the baseline or benchmark)
- Quantitative data for the current quarter, including a graphical display of the performance data
- A brief explanation and corrective action plan for performance targets that were not met for the reporting period or that are not expected to be met for the year

Quarterly reports are due 30 days after the end of each quarter.

The Department's Vision, Mission, Values and Goals



Vision

The Taxation and Revenue Department (the Department) shall promote the State's overall efforts to improve the lives of New Mexicans by providing a fair and efficient system of tax administration that is consistent and responsive to the people and shall protect public safety through effective administration of motor vehicle laws.

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.

Values

Accountability: Taking responsibility for our (the Department and individual) actions and performance.

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

Integrity: Committing to honest and ethical behavior and holding the information entrusted to us in confidence.

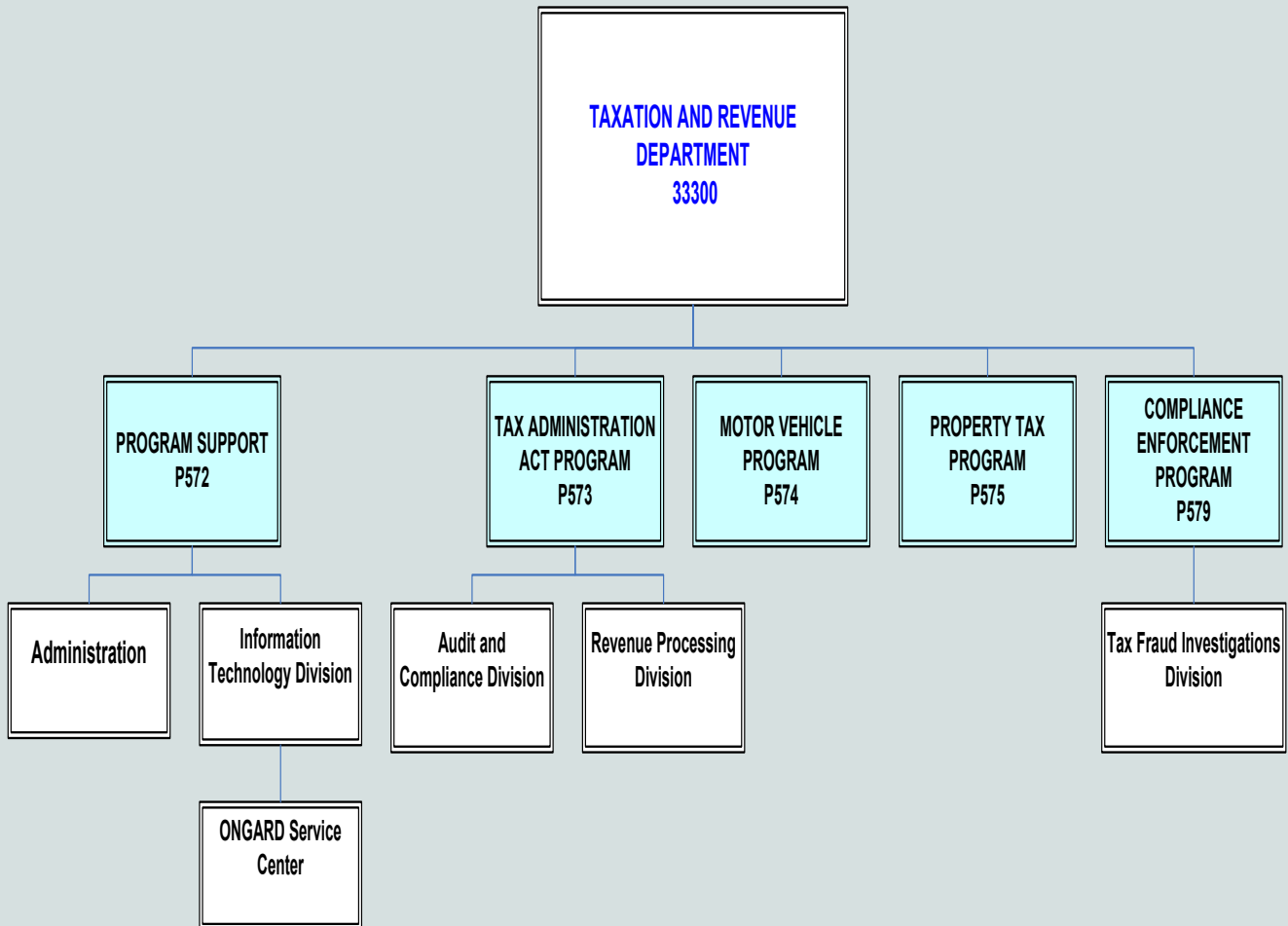
Respect: Recognize the validity of other points of view and treat other with civility.

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

Goals

- *Improve the perception and the service to people in need of motor vehicle services.*
- *Foster a goal oriented work environment where people are excited in their public service to the people of New Mexico, where the employee is motivated and valued and feels that there is a true career development path.*
- *Deliver high-quality IT services that are reliable, accessible, secure, and meet all internal and external needs.*
- *Deliver responsive, fair, and efficient administration.*
- *Enhance motor vehicle public safety.*

Taxation and Revenue Department

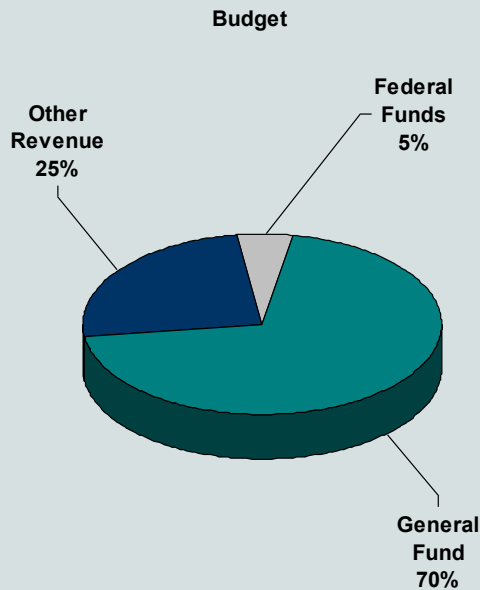


Description

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.



Approved Budget: \$30,681,700
FTE: 526.0

COMPLIANCE ENFORCEMENT PROGRAM

Description

The Compliance Enforcement Program (TFID) 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 obtain convictions through the New Mexico judicial system.

Purpose

The mission of the Compliance Enforcement Program 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.

PROPERTY TAX PROGRAM

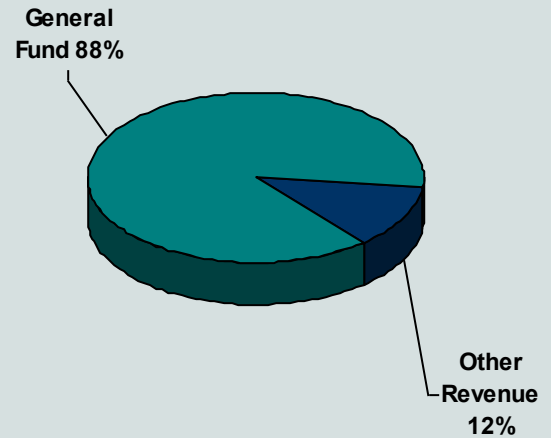
Description

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 approximately 550 multi-county property tax accounts, which constitute approximately 11% 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

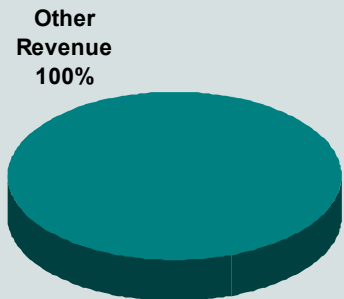
The mission of the Property Tax Program is to administer the Property Tax Code in a professional and efficient manner ensuring fair and equitable valuation of all property classes in the state.

Budget



Approved Budget: \$2,054,900
FTE: 28

Budget



Approved Budget: \$3,223,500
FTE: 41

MOTOR VEHICLE PROGRAM

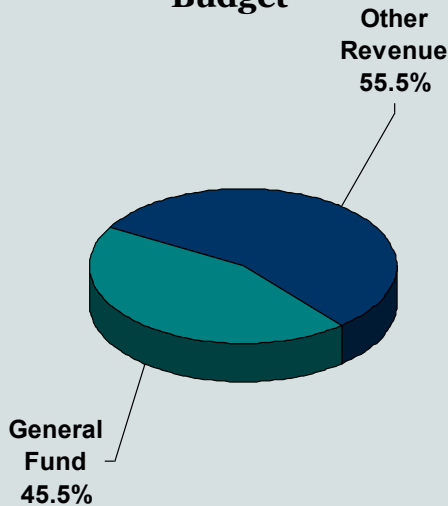
Description

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

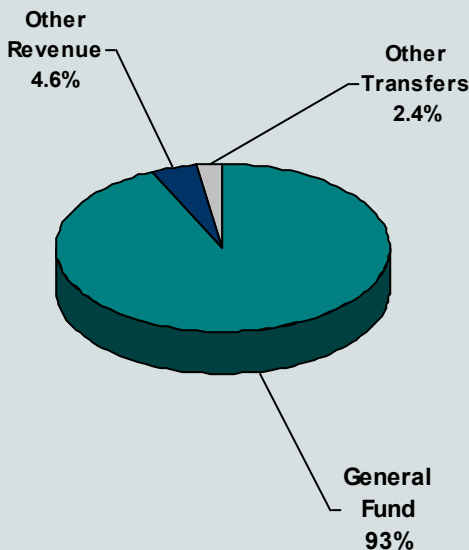
The mission of MVD is to coordinate and administer the New Mexico Motor Vehicle Code and to provide Motor Vehicle Division customers with quality products and services to enhance safe and efficient motor vehicle operations.

Budget



Approved Budget: \$24,812,000
FTE: 348

Budget



Approved Budget: \$20,391,000
FTE: 193

PROGRAM SUPPORT

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 that 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

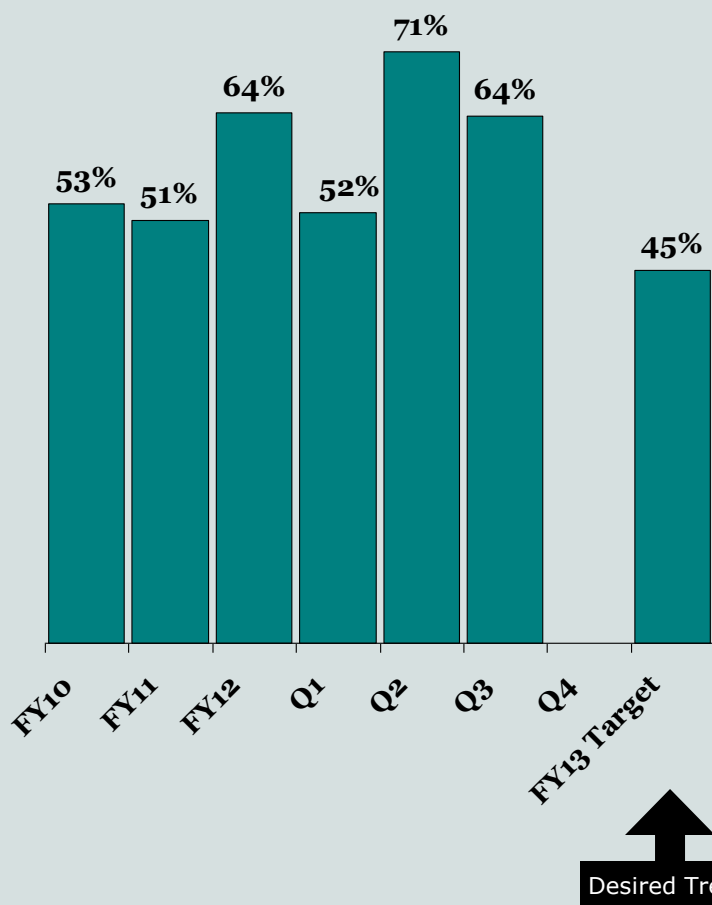
	Key Measure	FY11 Actual	FY12 Actual	FY13 Target
P573	Collections as a percent of collectable audit assessments generated in the current fiscal year	51%	64.2%	45%
	Collections as a percent of collectable outstanding balances from the end of the prior fiscal year	15.4%	18.4%	15%
	Percent of electronically filed returns (PIT, CRS)	63.3%	82.1%	65%
P579	Number of tax investigations referred to prosecutors as a percent of total investigations assigned during the year	44%	15%	40%
P574	Average call center wait time to reach an agent, in minutes	9:19	6:41	6:00
	Percent of registered vehicles with liability insurance	91%	91.8%	92%
	Average wait time in Q-Matic equipped offices, in minutes	27:36	25:06	20:00
P575	Percent of appraisals or valuations for companies conducting business within the state subject to state assessments	515	534	100%
P572	Percent of driving-while-intoxicated drivers license revocations rescinded due to failure to hold hearings within ninety days	.29%	.20%	<1%

TAX ADMINISTRATION ACT PROGRAM

PERFORMANCE MEASURE

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

FY10 Results	FY11 Results	FY12 Results	FY13 Target
53%	51%	64%	45%



DATA SOURCE:

Cost recovery report and monthly statistical reports; data reported is cumulative.

STRATEGIC GOAL:

Maintain assessed audit collections at a constant 45% in the year of assessment.

OBJECTIVE:

To measure the Department's effectiveness in generating audit assessments that are collectable. The percentage reflects strictly the amount of field audit assessments generated this fiscal year that were also paid in this fiscal year. Tape match assessments or limited scope audits are not included in this measure. TRD began tracking all audit assessments generated in GenTax in FY08; previously only CRS, CIT, and PIT were tracked.

ACTION PLAN:

Continue to assess collectable audits and immediately start collection action when accounts become delinquent (31 days).

EXPLANATION:

Third quarter assessments totaled \$24,996.5K; \$4,673.6K is less than 60 days old, \$11,889.3K is in protest, \$342.8K has been abated, and \$177.2K is in bankruptcy leaving a total collectible balance of \$7,913.6K. Of the collectible balance, \$5,032.1K has been collected resulting in a 63.6% collection rate.

CORRECTIVE ACTION PLAN:

First three quarter collections have exceeded the goal of 45%, but of the \$25M assessed, \$16.6M is either under 60 days or in protest. This leaves a smaller collectible balance of \$7.9M. If we do not collect on these audits that are included in the under 60 days in the next quarter or a large assessment is no longer in protest, this percentage could shift downward.

TAX ADMINISTRATION ACT PROGRAM

STRATEGIC GOAL:

Maintain collections as a percent of outstanding balance at 15%.

OBJECTIVE:

This is a cumulative measurement. The goal is to collect 15% of \$525.4M by 6/30/13. This will measure how well TRD works with taxpayers to collect taxes that are due and to reduce the accounts receivable balance.

ACTION PLAN:

Continue to increase taxpayer contacts, re-evaluate collection strategies, and focus on a balance between old outstanding assessments and new assessments. Concentrate on new assessments that are more collectable in the early stages. Outsource the collection of certain receivables to private collection agencies. Collectable balances exclude accounts past the statute of limitations, protested accounts, and accounts in bankruptcy.

EXPLANATION:

Collection toward the fiscal year beginning accounts receivable balance of \$525.4M is \$78.6M or 14.96%

CORRECTIVE ACTION PLAN:

This is a cumulative total. The Division needs to collect approximately \$250K over the last quarter to reach its goal.

PERFORMANCE MEASURE

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

FY10	FY11	FY12	FY13 Target
18.3%	15.4%	18.4%	15%



DATA SOURCE:

GenTax "Prior Year Receivables FY12 Summary" DataMart. Payments divided by fiscal year ending (FYE) receivables equals the collections percentage. FYE receivables minus total reductions equals the total amount outstanding.

TAX ADMINISTRATION ACT PROGRAM

STRATEGIC GOAL:

To work with taxpayers, tax preparers and industry to increase the number of electronically filed returns.

OBJECTIVE:

Electronic returns are more accurate and efficient for both the taxpayer and the department. TRD's goal is to continue to increase the percentage of electronically filed returns. The measurement is based on the number of returns filed electronically divided by the overall total of returns filed for PIT and CRS.

ACTION PLAN:

The intent of the department is to encourage taxpayers to file and pay electronically. The Department is in the process of implementing a regulation that mandates CRS taxpayers to file return information electronically via NMWebFile. The approach began in August 2010 for taxpayers who owe taxes over \$20K.

EXPLANATION:

For the third quarter, there were a total of 914,916 returns filed and of that total, 828,329 or 90.5% were filed electronically. Through the efforts of staff and management, the Division has been able to promote the mandate that all monthly CRS taxpayers with a tax due greater than \$1,000 have to file electronically.

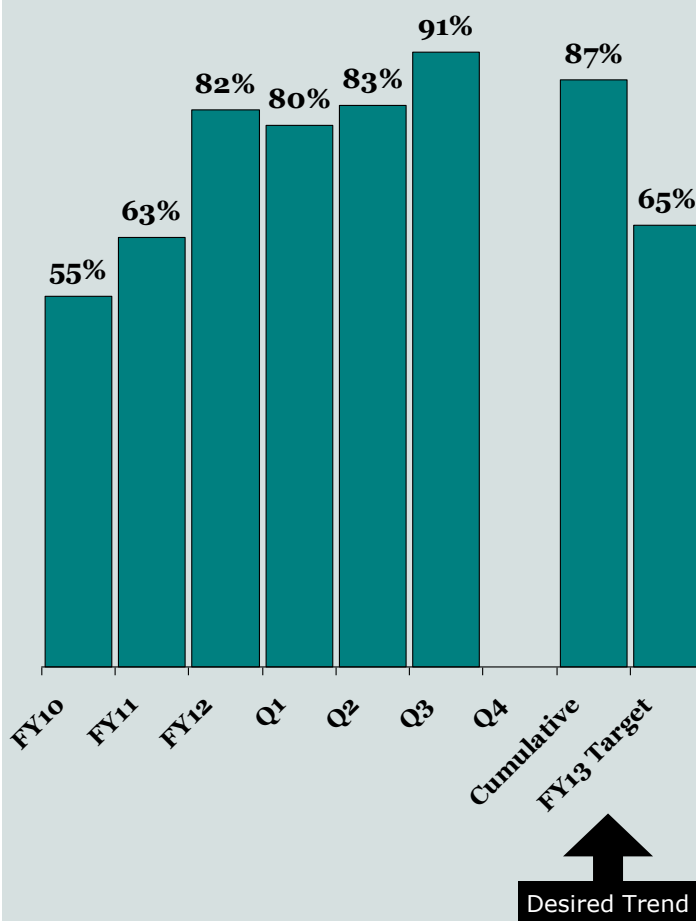
Corrective Action Plan:

The target was met for the third quarter of FY13. With a cumulative total of 86.5%, the Division will reach its year-end goal of 65%.

PERFORMANCE MEASURE

Percent of electronically filed returns (Personal Income Tax—PIT, Combined Reporting System—CRS)

FY10	FY11	FY12	FY13 Target
54.5%	63.3%	82.1%	65%



DATA SOURCE:

GenTax processing statistic for PIT and CRS electronically filed tax returns

COMPLIANCE ENFORCEMENT PROGRAM

STRATEGIC GOAL:

Ensure that at least 40% of open and assigned investigations are referred for prosecution consideration throughout the year.

OBJECTIVE:

Identify, investigate, and lend support in the prosecution of tax fraud — both to aid in the collection of the specific monies due and to act as a deterrent to others who might consider committing tax fraud. Successful prosecutions (and the ensuing publicity) are key elements 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:

The cumulative result ending the third quarter was six assigned cases to investigators and four were referred for prosecution. This resulted in a 67% of the assigned cases year-to-date being referred for prosecution. This performance measure is cumulative for the fiscal year; therefore, the determination on whether the target is met will be determined at year-end.

CORRECTIVE ACTION PLAN:

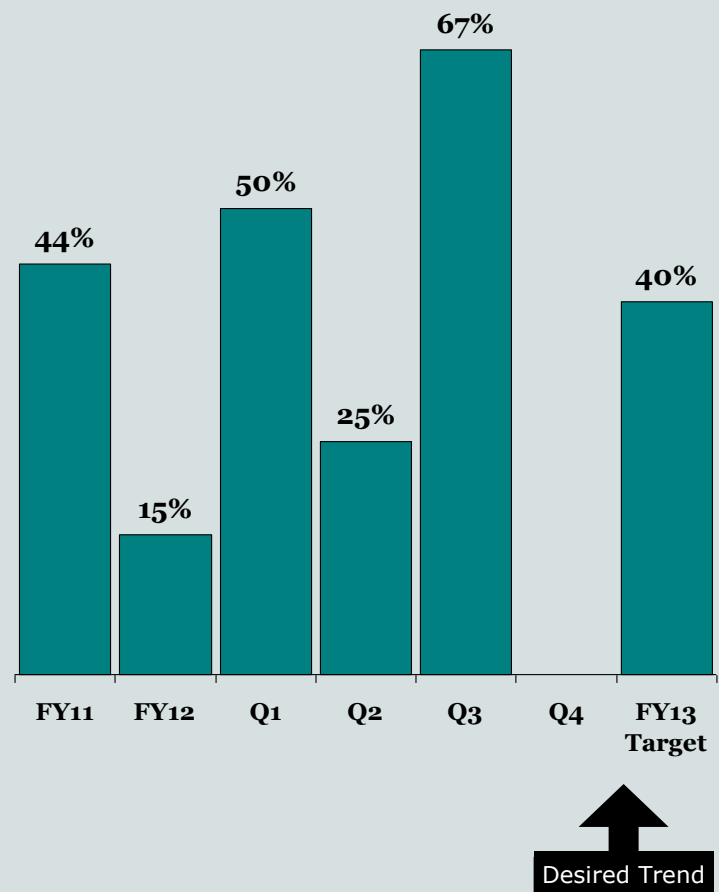
Cumulative measure.

NOTE: Quarter two results were erroneously reported and have been corrected for this quarter.

PERFORMANCE MEASURE

Number of tax investigations referred to prosecutors as a percent of total investigations assigned during the year

FY10	FY11	FY12	FY13 Target
N/A	44%	15%	40%



DATA SOURCE:

Inventory of tax fraud investigation case referrals and open and assigned cases.

MOTOR VEHICLE PROGRAM

STRATEGIC GOAL:

Reduce the number of uninsured motorists in New Mexico to 8%, that is far below the national average of 14.6%.

OBJECTIVE:

Enforce the Mandatory Financial Responsibility Act (66-5-201 through 66-5-239 NMSA) by monitoring all registered vehicles to ensure compliance with the minimum liability insurance requirements.

ACTION PLAN:

MVD is exploring options to make it more actionable.

EXPLANATION:

The uninsured rate for the third quarter ranged from a high of 10.03% to a low of 8.74% for an average insured rate of 90.73%. This entire quarter, the weekly insured rate never dropped below the national average of 85.4%, in spite of New Mexico demographics and tight economic conditions.

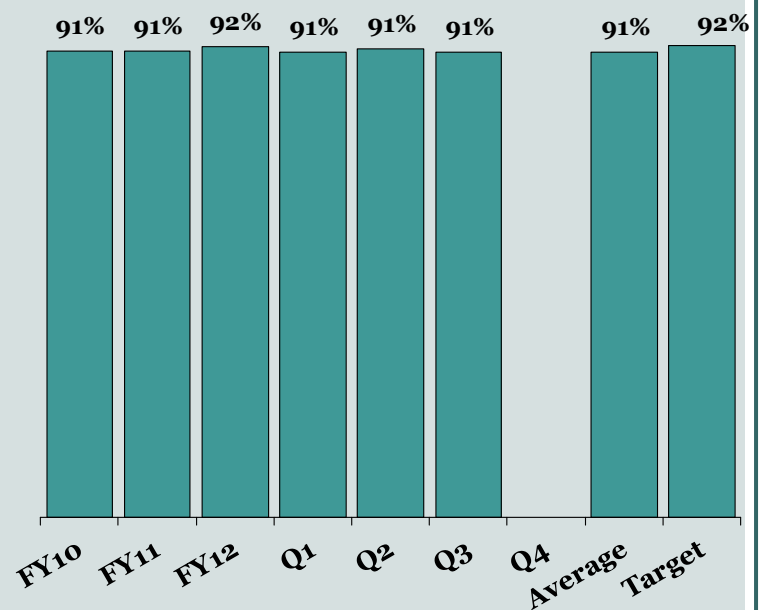
Corrective Action Plan:

- Continual work on measures to reduce the uninsured rate such as tighter monitoring of insurance company reporting to the NM Insurance Identification Database and scheduled meetings with the Public Regulations Commission's Insurance Division and Insurance Industry Representatives.
- Modification of the insurance verification letters sent to vehicle owners.
- Continued push for Intellicenter Phone Monitoring system acquisition/installation which seem to be progressing this quarter further than ever before. Implementation will assist in providing better customer service.

PERFORMANCE MEASURE

Percent of registered vehicles with liability insurance

FY10	FY11	FY12	FY13 Target
91.0%	91%	91.80%	92%



DATA SOURCE:

Three data sources are used:

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

ITD maintains the MVD vehicle database. A 3rd-party contractor receives individual insurance company vehicle insurance information and compares the information against the MVD vehicle database.

A third party contractor receives individual insurance information and compares the information against the MVD vehicle database.



MOTOR VEHICLE PROGRAM

STRATEGIC GOAL:

Provide quality customer services that are consistent, efficient, timely, accurate, and confidential. Maximize convenience for MVD customers.

OBJECTIVE:

The 31 offices equipped with an automated system for measuring wait-time account for the majority of transactions in field offices statewide.

ACTION PLAN:

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

EXPLANATION:

The wait time for the third quarter was 23:41. There were 386,457 customers served which is an increase of 23,390 from Quarter two. Vacancies continue to affect wait times in the field offices. The vacancy rate for the period was 12%. Total positions are 225, of these 27 are vacant.

CORRECTIVE ACTION PLAN:

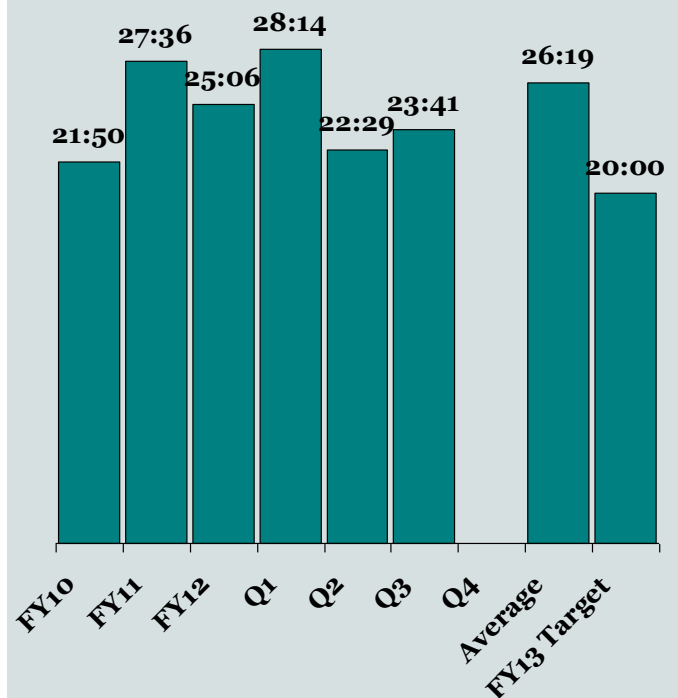
MVD continues to improve its processes as follows:

- The target in MVD's FY13 business plan for average wait time in state-owned offices is 15 minutes.
- MVD tracks the office wait times by week, and prioritizes the five worst for assistance.
- The Division has now released the online driver's license renewal, which could potentially pull 200,000 transactions per year out of MVD field offices.
- Reduce our vacancy rate from 12% to 6.5%. MVD is actively moving forward on this initiative.
- CORE (Customer Outcome Re-Engineering) is slated for rollout to other MVD field offices. MVD rolled out DMS (Document Management System) in the 3rd quarter. By allowing real time scanning of customer documents at the agent's workstation, DMS will reduce or eliminate the need to leave the work station to make copies.
- MVD will be upgrading its customer flow software in the 4th quarter to Q-matic Orchestra. This new product will be replacing the old system and will allow MVD to be more consistent in its operations and customer flows across the state.

PERFORMANCE MEASURE

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

FY10	FY11	FY12	FY13 Target
21:50	27:36	25:06	20:00



Desired Trend

DATA SOURCE:

Data is collected using the Qmatic software located in Alamogordo, Belen, Carlsbad, Clayton, Clovis, Espanola, Farmington, Gallup, Grants, Las Cruces Main, Las Cruces II, Las Vegas, Lordsburg, Los Alamos, Los Lunas, Metro Court, Montgomery Plaza, Moriarty, Portales, Raton, Reserve, Rio Bravo, Roswell, Ruidoso, Sandia Vista, Santa Fe, Silver City, Socorro, Springer, T or C, Tucumcari. (Note: the Qmatic equipment in the Taos office has not been replaced since the fire in that office destroyed the equipment.)

MOTOR VEHICLE PROGRAM

STRATEGIC GOAL:

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

OBJECTIVE:

Respond to incoming calls in the Motor Vehicle Division call center in a timely manner.

ACTION PLAN:

Target average wait time performance in MVD's FY13 business plan is two minutes. To achieve this target, MVD is now forecasting call volumes and flowing additional staff into the queue during times of high volume and MVD is merging its call center with its Operations Center to bring additional staff capacity to the call queue. In addition, MVD is making better use of process management to reduce call cycle times by providing staff with wireless headsets. This has reduced average calls by approximately two minutes, since staff can remain productive when printing documents or consulting management. The headsets provide an increase in staff capacity equivalent to 1.5 additional FTE.

EXPLANATION:

The average wait time in the call center for this quarter was 3:54. This was a reduction of 3 minutes and 51 seconds from the prior quarter. The IVR received a total of 205,782 calls with a total of 101,601 needing to speak directly with a clerk and 104,181 calls being able to self help within the IVR itself. A total of 70,581 calls were answered by call center clerks during this period with an average talk time of 3:48.

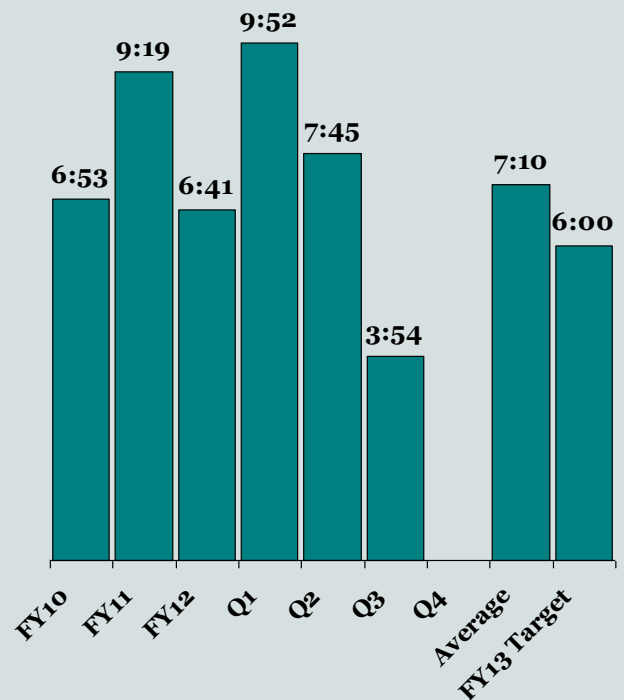
CORRECTIVE ACTION PLAN:

The call center was successful in meeting its goals this quarter by identifying resources that could be used from other areas. The call center was also able to load balance by utilizing two clerks from two different departments with capacity to spare. They have now become full-time call center clerks, bringing the total number of employees to 16, with 14 positions being filled. Coordination is also taking place to combine the field operations help desk with the call center. This has been piloted with clerks and we have had success when clerks from field operations take both field office calls and calls from the general public. MVD's goal is to have the two call centers able to receive and handle both types of calls. Along with the wait times decreasing, MVD has also focused on all aspects of customer service.

PERFORMANCE MEASURE

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

FY10	FY11	FY12	FY13 Target
6:53	9:19	6:41	6:00



Desired Trend



DATA SOURCE:

Call Center wait-time data is retrieved from the IVR system.

STRATEGIC GOAL:

To ensure that appraisals and valuations are being conducted on all eligible companies within the state.

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 in New Mexico. While the number of appraisals/valuations is just an activity measure, it provides a perspective on Property Tax Division work load.

ACTION PLAN:

The valuation cycle begins in January with the notice of value mailed on May 1 of every year. Taxpayers have thirty days after the mailing of notice to protest the valuation. SAPB focuses on the first and second quarters of the fiscal year on resolving protests from the prior year's valuations, concentrating on taxpayer compliance. Implementation of the improved form of County Tax Role Certification continues to provide greater insight on each county's property tax program. Detailed annual assessor evaluations are conducted to encourage greater efficiency at the county level in handling protests and scheduling County Valuation Protest Board meetings.

EXPLANATION:

The SAPB performed 368 appraisals and valuations out of the 550 known companies conducting business within the state and subject to state assessment, in the third quarter of FY13. The SAPB sent notices which will result in assessed value of \$3.36 billion assessments. The number of extensions and unexplained late returns suggest that PTD is on track to meet its target in the fourth quarter.

Corrective Action Plan:

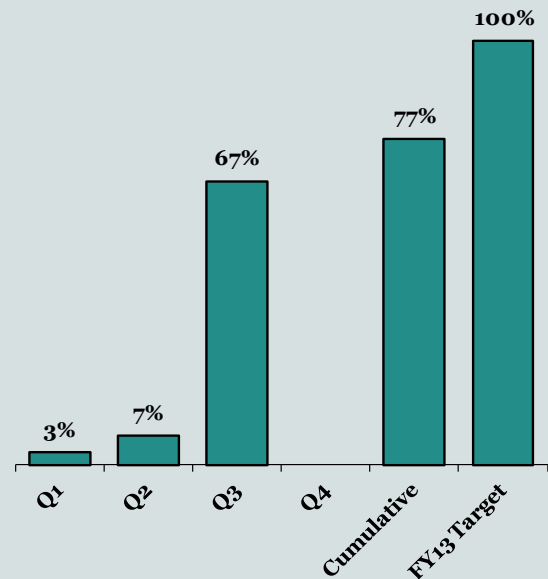
Target is cumulative through the year. No Corrective action plan is necessary at this time.

PERFORMANCE MEASURE

Percent of appraisals or valuations for companies conducting business within the state subject to state assessment.

FY10	FY11	FY12	FY13 Target
539	515	534	100%

Note: Performance Measure was changed to a percentage in FY13, and is no longer a number. Results for previous years are listed above for reference. This measure will be discontinued for FY14.



DATA SOURCE:

The SAPB and the Appraisal Bureau maintain computer logs of the names of all properties appraised and valued.

STRATEGIC GOAL:

To ensure that hearings are held within ninety days to ensure compliance with the Implied Consent Act.

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 case scheduling procedures to provide timely notice to the drivers and law enforcement officers and to schedule the hearings on a date that allows cases to be re-scheduled when there are errors with the notice or weather causes a cancellation.

EXPLANATION:

A total of 1,260 implied cases were scheduled for this quarter. Of these cases, seven cases were rescinded for the following reasons:

Two cases were due to the Motor Vehicle division errors involving files that were never sent to the Hearings Bureau, and the one case was rescinded because the Motor Vehicle Division failed to mail a notice of revocation on a blood case.

One case of a subpoena was not served to an essential police officer.

One case of the scheduling unit failed to mail notice in a case that had been reset for hearing.

One case was rescinded because the hearing officer failed to review the complete e-file.

One case was rescinded because no hearing officer was available to hear the case.

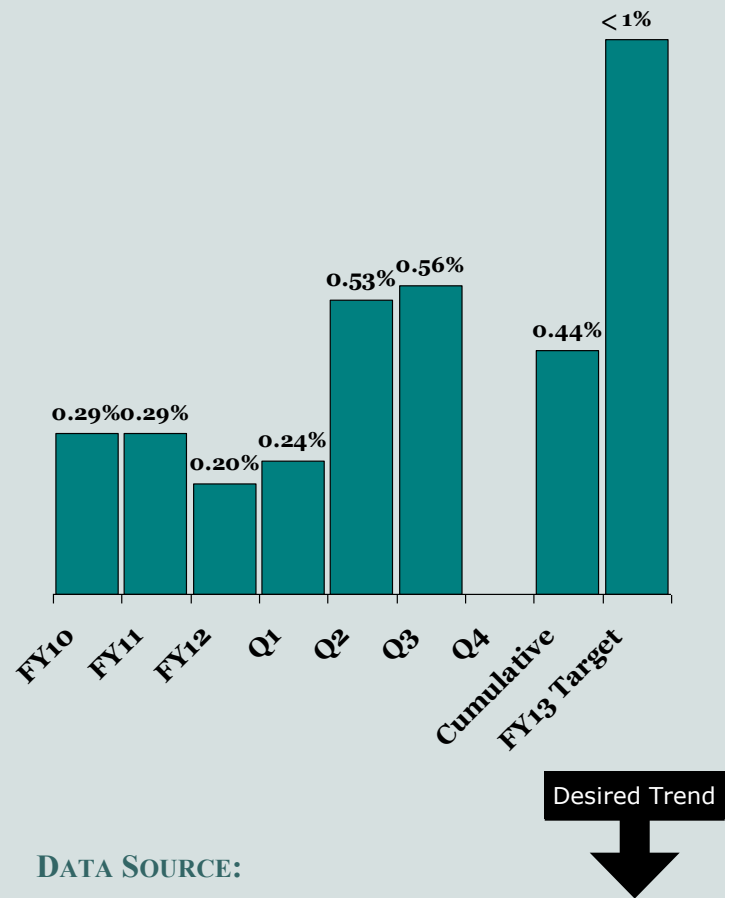
Corrective Action Plan:

Target met.

PERFORMANCE MEASURE

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

FY10	FY11	FY12	FY13 Target
.29%	0.29%	.20%	<1.0%



DATA SOURCE:

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

