



New Mexico Taxation and Revenue Department

**1st Quarter
Performance Report
September 30, 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 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.

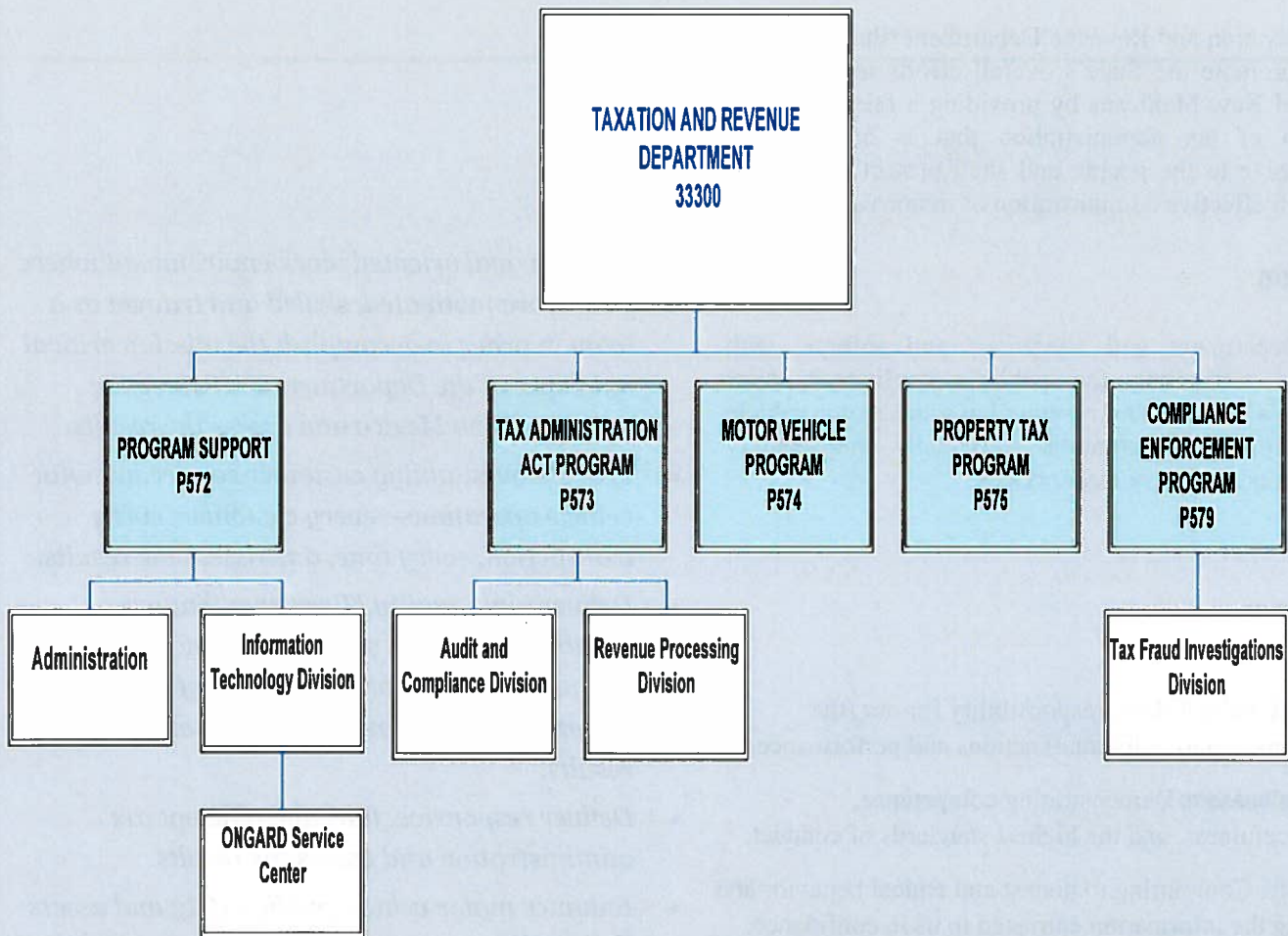
Open Communication: Interacting effectively, building cooperative relationships, and encouraging creative ideas.

Public Service: We are public servants entrusted with the privilege to work for the people of New Mexico.

Goals

- *Foster a goal oriented work environment where people are motivated, skilled and trained as a team in order to accomplish the mission critical outcomes of the Department that serve the people of New Mexico and assess the results.*
- *Provide outstanding customer service in motor vehicle operations—every customer, every transaction, every time, and assess the results.*
- *Deliver high-quality IT services that are reliable, accessible, secure, and innovative as a primary means to provide excellent tax and motor vehicle administration and assess the results.*
- *Deliver responsive, fair, and efficient tax administration and assess the results.*
- *Enhance motor vehicle public safety and assess the results.*

Taxation and Revenue Department



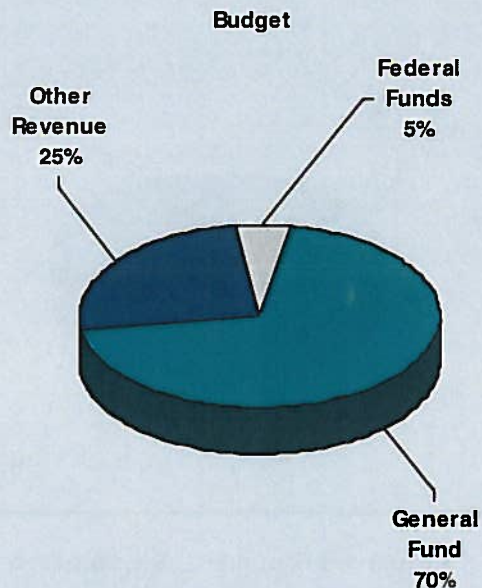
TAX ADMINISTRATION ACT PROGRAM

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: \$31,313,600
FTE: 507.0

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

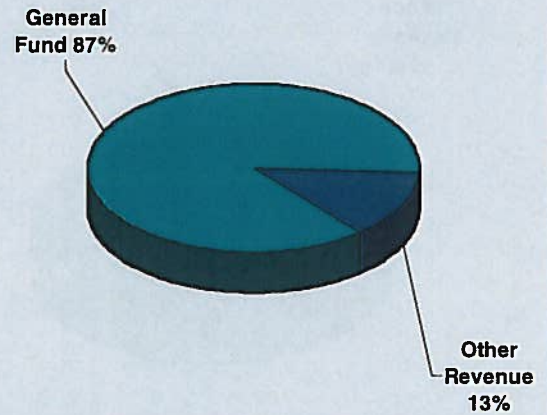
Description

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

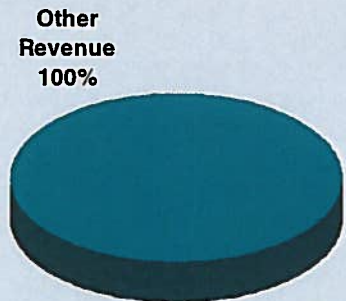
The mission of the Property Tax Program is to administer the Property Tax Code in a professional and efficient manner ensuring fair and equitable valuation of all property classes in the state.

Budget



Approved Budget: \$2,204,800
FTE: 28

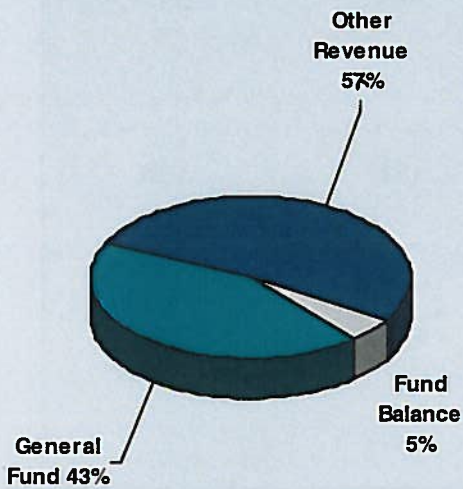
Budget



Approved Budget: \$3,320,300
FTE: 39

MOTOR VEHICLE PROGRAM

Budget



Approved Budget: \$26,784,400
FTE: 348

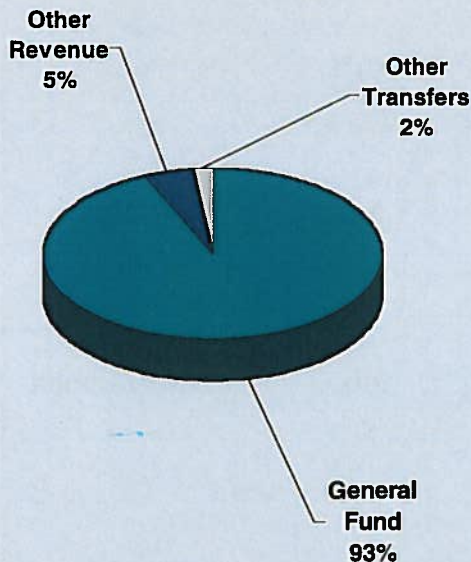
Description

The responsibilities 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: \$20,816,700
FTE: 187

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 manner.

QUARTERLY PERFORMANCE AT A GLANCE

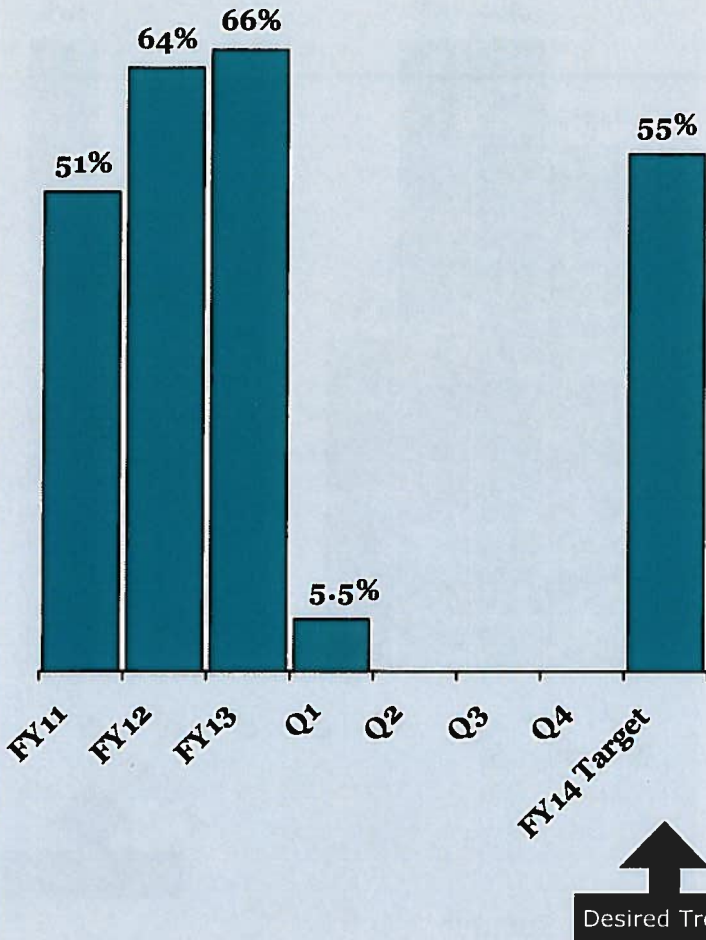
	Key Measure	FY12 Actual	FY13 Actual	FY14 Target
P573	Collections as a percent of collectable audit assessments generated in the current fiscal year	64%	66%	55%
	Collections as a percent of collectable outstanding balances from the end of the prior fiscal year	15%	18%	18%
	Percent of electronically filed returns (PIT, CRS)	82%	85%	85%
P579	Number of tax investigations referred to prosecutors as a percent of total investigations assigned during the year	15%	67%	40%
P574	Average call center wait time to reach an agent, in minutes	6:41	6:52	6:00
	Percent of registered vehicles with liability insurance	92%	91%	92%
	Average wait time in Q-Matic equipped offices, in minutes	25.1	24.4	20
P575	Number of appraisals and valuations for companies conducting business within the state subject to state assessment	534	100%	Discontinued
	Amount of delinquent property tax collected and distributed to counties, in millions.			7.0M
P572	Percent of driving-while-intoxicated drivers license revocations rescinded due to failure to hold hearings within ninety days	.20%	.50%	<1%

TAX ADMINISTRATION ACT PROGRAM

PERFORMANCE MEASURE

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

FY11 Results	FY12 Results	FY13 Results	FY14 Target
51%	64%	66%	55%



DATA SOURCE:

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

STRATEGIC GOAL:

Maintain assessed audit collections at a constant 55% 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 (90 days-previously 30 days).

EXPLANATION:

First quarter assessments totaled \$9.1M, all of which is less than 90 days old leaving a collectable balance of \$-0-. The new legislation of accounts not being delinquent until after 90 days does not allow for an accurate representation of collections for the first quarter. Collections were \$492.3K out of \$8,941.7K (\$150.4K was in protest or bankruptcy) on all assessments for the first quarter. These collections were made by taxpayers without any effort by the department; this results in a collection percentage of 5.5%.

CORRECTIVE ACTION PLAN:

The new 90-day delinquent legislation for the department to act has severely hampered the ability to collect on these assessments during this quarter. There will be a jump in the percentage throughout the next quarters. This is a cumulative total.

TAX ADMINISTRATION ACT PROGRAM

STRATEGIC GOAL:

Maintain collections as a percent of outstanding balance at 18%.

OBJECTIVE:

This is a cumulative measurement. The goal is to collect 18% of \$666.7M by 6/30/14. 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 through an upgraded automated dialer, 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 \$666.7M are \$63.3M or 9.5%. The beginning accounts receivable balance has also been reduced by an additional \$78.8M as a result of amended returns, abatements, deactivations, and reversals. The total first quarter reduction in the fiscal year beginning accounts receivable is \$142.1M or 21.3% bringing the balance to \$524.6M.

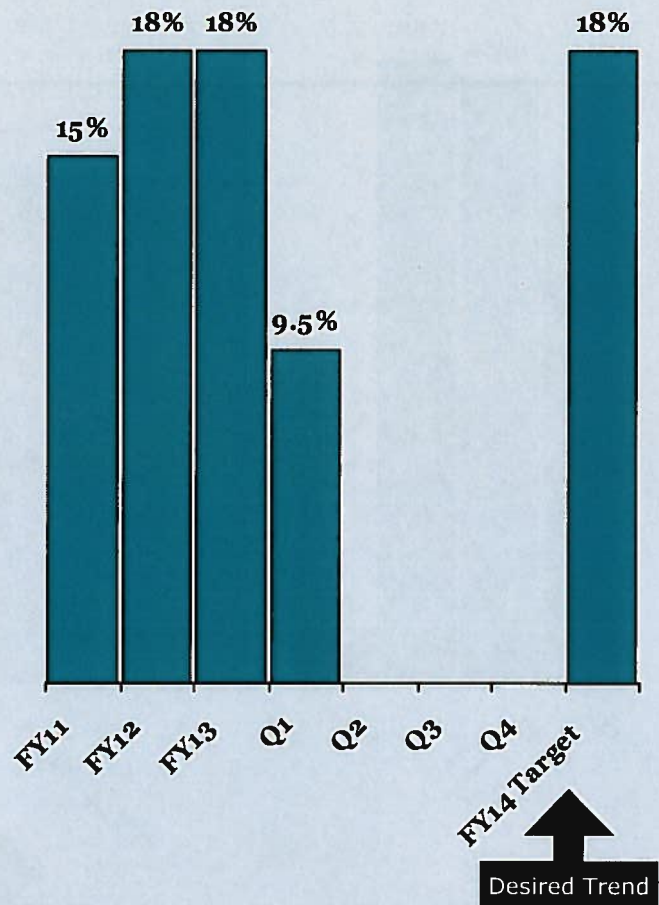
CORRECTIVE ACTION PLAN:

This is a cumulative total. The base number, which is the prior year outstanding balance of \$666.7M is fixed; however, the collection amount increases throughout the year.

PERFORMANCE MEASURE

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

FY11	FY12	FY13	FY14 Target
15.0%	18.0%	18.0%	18.0%



DATA SOURCE:

GenTax "Prior Year Receivables FY13 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.

EXPLANATION:

For the first quarter, there were 294,209 returns filed electronically out of a total of 357,779 returns which is 82%. Through the efforts of staff and management, TRD has been able to push the mandate that all monthly CRS taxpayers with a tax due of greater than \$1,000 have to file electronically.

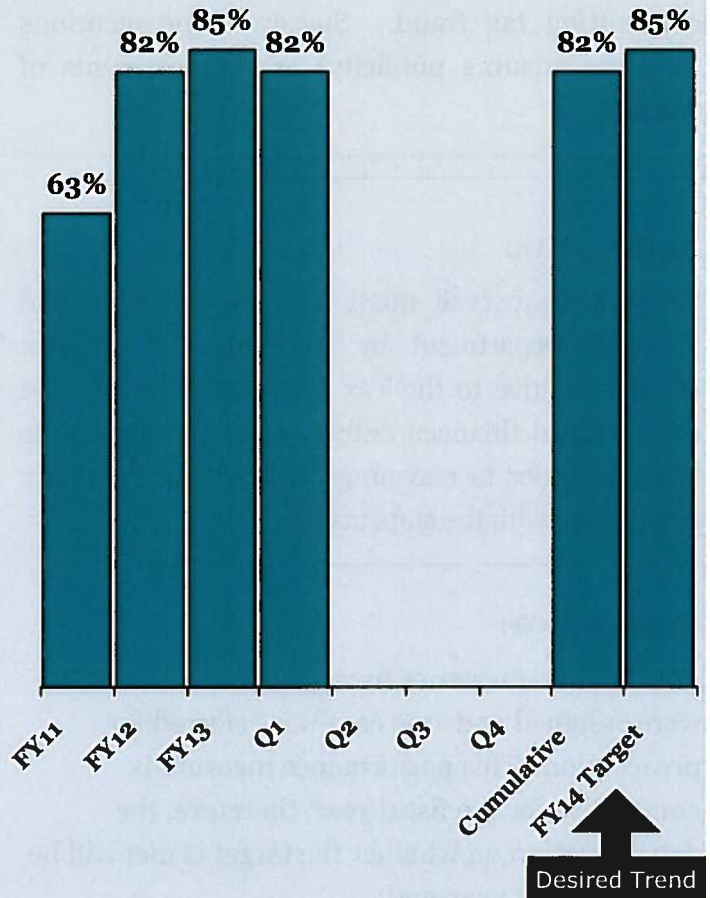
CORRECTIVE ACTION PLAN:

Traditionally, the first quarter has a lower rate than the rest of the fiscal year. In FY13, the first quarter rate was 79.8% and the year end rate was 85%. A steady increase throughout the fiscal year is expected to achieve the target.

PERFORMANCE MEASURE

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

FY11	FY12	FY13	FY14 Target
63%	82%	85%	85%



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:

For the first quarter of fiscal year 2014, two cases were assigned and one case was 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.

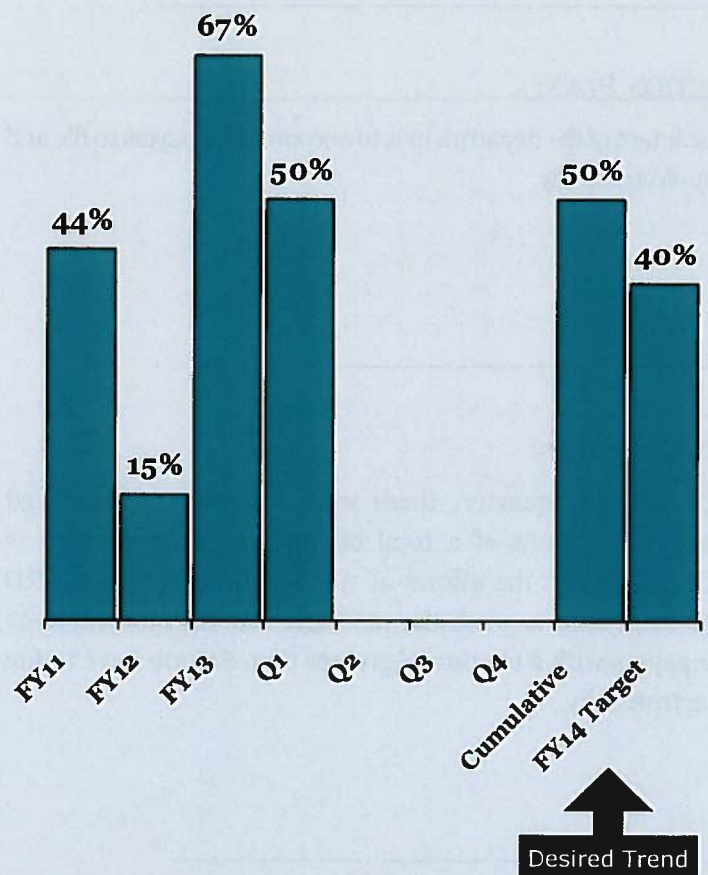
CORRECTIVE ACTION PLAN:

Target met based on calculations for the quarter.

PERFORMANCE MEASURE

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

FY11	FY12	FY13	FY14 Target
44%	15%	67%	40%



DATA SOURCE:

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

MOTOR VEHICLE PROGRAM

STRATEGIC GOAL:

Ninety two percent of registered vehicles with liability insurance.

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:

This performance measure is not, ultimately, under MVD's locus of control. MVD is exploring options to make it more actionable.

EXPLANATION:

The uninsured rate for the first quarter ranged from a high of 10.11% to a low of 9.42% for an average insured rate of 90.22% for the first quarter. 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.

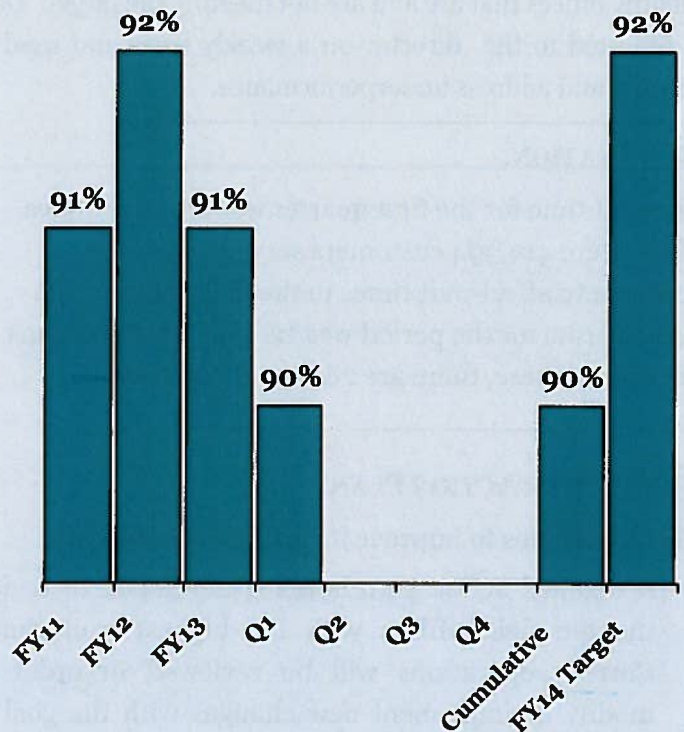
CORRECTIVE ACTION PLAN:

Continued coordination with insurance companies which are on our Top 20 worst offenders list for late reporting. This is being done to improve the timeliness of reporting and thus minimize the effect of late reporting which can falsely reflect an increase in the uninsured rate. Given the current enforcement and statutory constraints, the ability to influence the uninsured rate is limited to researching ways to improve existing processes for reporting and monitoring. The Intellicenter Phone Monitoring system was installed at the end of August. MVD expects overall improved customer service through more efficient call handling and workload balancing across the staff.

PERFORMANCE MEASURE

Percent of registered vehicles with liability insurance

FY11	FY12	FY13	FY14 Target
91%	92%	91%	92%



DATA SOURCE:

- Three data sources are used
- MVD's vehicle database
 - Individual insurance company databases
 - Insurance Identification Database

ITD maintains the MVD vehicle database. A third-party contractor receives individual insurance company vehicle 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.

OBJECTIVE:

The thirty one 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 first quarter was 23:23 minutes. There were 419,394 customers served. Vacancies continue to affect wait times in the field offices. The vacancy rate for the period was 12.8%. Total positions are 219; of these, there are 28 vacant positions.

CORRECTIVE ACTION PLAN:

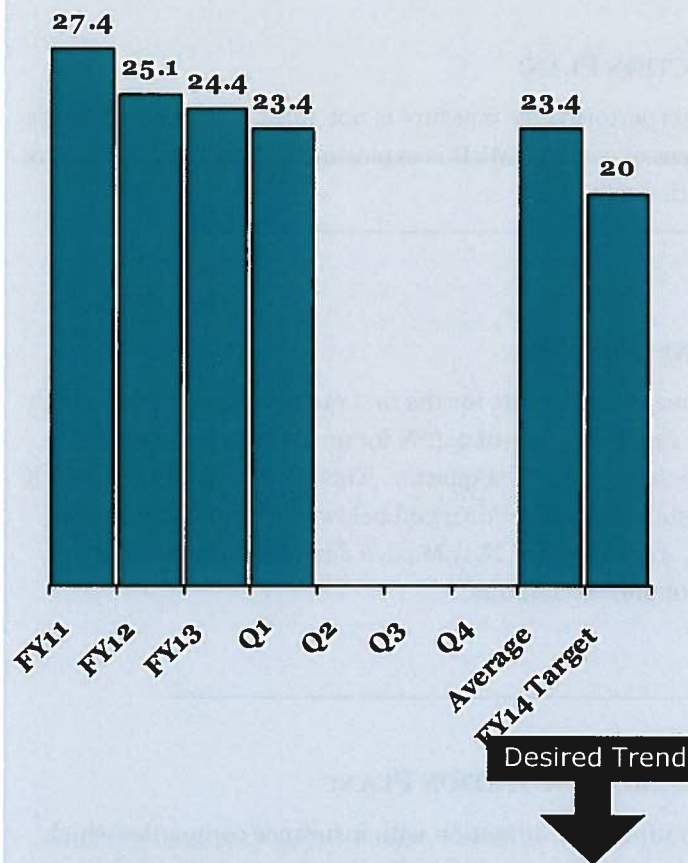
MVD continues to improve its processes as follows:

- A detailed action plan is being developed to review the ten field offices with the highest wait times. Current operations will be reviewed in order to modify or implement new changes with the goal of reducing customer wait times.
- Continue to expand website online transactions. The Division is developing an online driver license renewal system to reduce the traffic in field offices.
- Review staffing needs and continue to fill vacant positions.
- Implementing CORE (Customer Outcome Re-Engineering). We have completed the first quarter of CORE.
- MVD completed an install of a new Queuing system. This assists customer flow within MVD field offices.

PERFORMANCE MEASURE

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

FY11	FY12	FY13	FY14 Target
27.4	25.1	24.4	20



DATA SOURCE:

Data is collected using the Q-Matic 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, Montgomery Plaza, Moriarty, Portales, Raton, Reserve, Rio Bravo, Roswell, Ruidoso, Sandia Vista, Santa Fe, Silver City, Socorro, Springer, T or C, Taos and Tucumcari.

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:

- Create a process description for use in initial/recurring training,
- Rewrite IVR system script to reduce need to talk to call center person, and
- Implement improvement actions and reevaluate.

EXPLANATION:

The IVR call center took in a total of 304,810 calls. The average talk time was 3:53 with an average wait time of 8:52 minutes. Vacancies continue to impact the average wait time. The quarter ended with a vacancy rate of 20%.

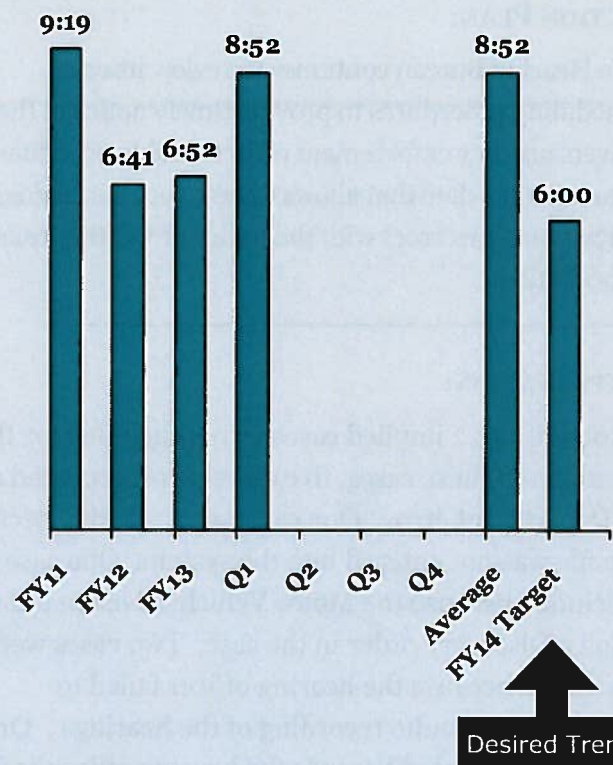
CORRECTIVE ACTION PLAN:

The MVD call center has once again been plagued with vacancies which have drastically impacted total wait times. Because of this impact, a pilot program is being established modeling a “substitute teacher” in which alternative workers will be pulled into the call center and other field offices to ensure adequate staffing even during times of vacancies. The vacant positions have all been advertised and are in the process of being filled. With adequate staffing, and sufficient contingency plan our target will be met.

PERFORMANCE MEASURE

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

FY11	FY12	FY13	FY14 Target
9:19	6:41	6:52	6:00



DATA SOURCE:

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

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 1,232 implied cases were scheduled for this quarter. Of these cases, five cases were rescinded due to Department error. One case was rescinded because the file was not entered into the system. One case was rescinded because the Motor Vehicle Division did not issue a Discovery order in the case. Two cases were rescinded because the hearing officer failed to download the audio recording of the hearings. One case was rescinded because the hearing officer had an emergency and could not hold the hearing. The case had already been rescheduled once before.

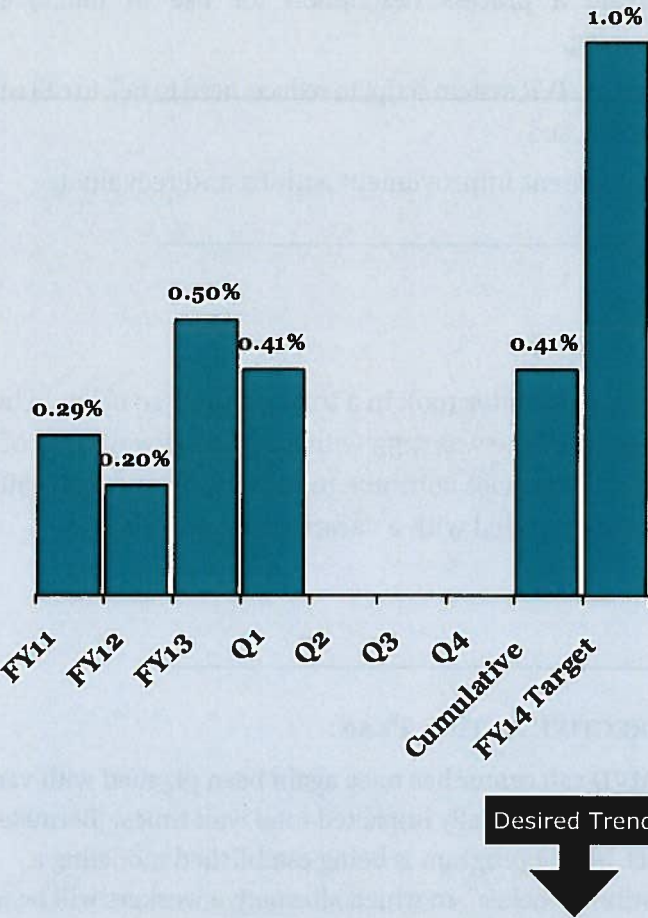
CORRECTIVE ACTION PLAN:

Target met.

PERFORMANCE MEASURE

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

FY11	FY12	FY13	FY14
.29%	.20%	.50%	<1.0%



DATA SOURCE:

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.

PROPERTY TAX PROGRAM

STRATEGIC GOAL:

To return uncollected property taxes to New Mexico's thirty-three counties and provide all of the funding for the Property Tax Division.

OBJECTIVE:

After two and a half years of non-payment, delinquent property tax accounts are transferred to the Property Tax Division for collection pursuant to NMSA 7-38-62. The goal of the Property Tax Division (PTD) is to increase the amount of base collections as well as account resolution and tax sales.

ACTION PLAN:

Beginning January 1, 2014 new legislation requires that PTD hold a delinquent property tax sale in each county at least once each year.

EXPLANATION:

PTD has met its goal in FY13 distributing base taxes in excess of the target amount to New Mexico's counties. The first quarter results are on track for another strong year for the counties and PTD.

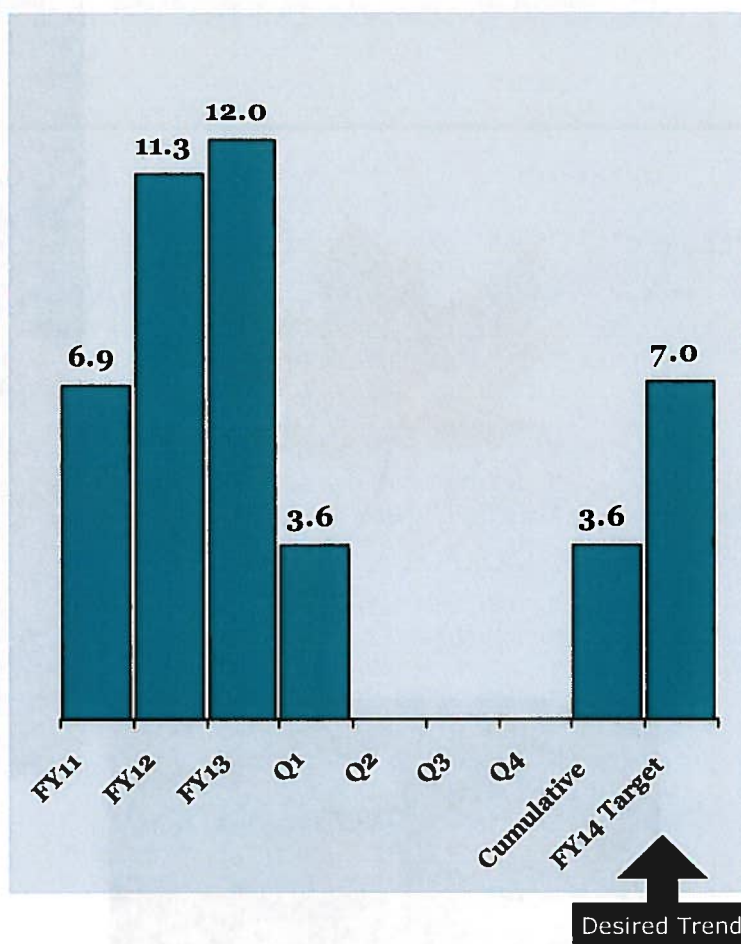
CORRECTIVE ACTION PLAN:

Target met.

*NEW PERFORMANCE MEASURE FOR FY14

AMOUNT OF DELINQUENT PROPERTY TAX COLLECTED AND DISTRIBUTED TO COUNTIES, IN MILLIONS

FY11	FY12	FY13	FY14 Target
6.9	11.3	12.0	7.0M



DATA SOURCE:

County Treasurers provide payment reports to PTD and TRD Finance when they disburse penalty, interest and State costs to the Department.

