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Taxation and Revenue responds to pandemic, budget challenges
Modified enforcement, improvements to customer service and technology

The New Mexico Taxation and Revenue Department is continuing to find ways to improve its service to New Mexicans amid the challenges imposed by the COVID-19 pandemic.

Cabinet Secretary Stephanie Schardin Clarke will present the Department's Fiscal Year 2022 budget request of \$62.8 million to the Legislative Finance Committee today.

"Obviously, this has been an extremely challenging year. Yet even with all the hurdles put in their way, Taxation and Revenue employees accomplished a great deal," said Schardin Clarke.

Despite budget restraints imposed in the current fiscal year, Schardin Clarke pointed out that the Department has moved forward on initiatives to improve its service to the public and took steps to ease the financial stress that the pandemic has imposed on many New Mexicans. The following are a few of the initiatives:

- While the Motor Vehicle Division has had to limit operations to minimize the spread of COVID-19, it has made more services available online, including license renewals for drivers 79 and older and commercial license holders. First-time vehicle registrations and title transfers will soon be available online, as well. Interactive voice response technology now allows some MVD transactions to be completed by phone. A pilot project starting later this month will allow customers to renew vehicle registrations at automated kiosks in some retail locations.
- Response times at the taxpayer customer service phone line have greatly improved with the deployment of new technology.
- Taxpayers who owe outstanding balances can now create their own payment plans through the Taxpayer Access Point, the Department's self-service portal.
- A modernization project at the Property Tax Division is automating processes that previously had to be conducted manually and is providing better coordination between the state and counties.
- An ongoing overhaul of the Combined Reporting System for gross receipts taxes, compensating taxes and withholding will create separate, targeted returns for those programs, making it easier for taxpayers to file. The project also will update TAP with a more user-friendly interface.

Understanding that many taxpayers were under financial stress this year, the Department temporarily suspended its most aggressive enforcement actions and has made it easier for them to enter into managed audits, a program that helps taxpayers voluntarily comply with their tax obligations. Filing deadlines were extended for several tax programs, and under legislation passed in this summer's special session, taxpayers have additional time to pay certain taxes without incurring penalty and interest.

The new fiscal year will bring a large change to New Mexico's tax system: destination-based sourcing for gross receipts taxes.

Currently, most business use their business location to determine the location in which they will report and use the corresponding tax rate, or in the case of internet-based sellers, the statewide GRT rate. Starting July 1, 2021, tax on most transactions including remote sales will be based on the rate at the location where goods are delivered.

The change, enacted under 2019 legislation, will allow cities and counties to share directly in tax revenue generated by internet and other remote sales.

Schardin Clarke is scheduled to testify at the Legislative Finance Committee at 1 p.m. The hearing will be webcast. Anyone wishing to observe the hearing should visit nmlegis.gov.