

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

Taxation and Revenue Department

For the first quarter of FY21, the Taxation and Revenue Department (TRD) is on track to meet its annual target for collections of outstanding balances, but, as in previous quarters, fell short of its target for collectible audit assessments. Wait times in Motor Vehicle Division (MVD) continued to decrease, despite increased call volumes. MVD did not track wait times in offices for the past two quarters, citing a need to focus on social distancing and hygiene practices.

TRD continues to implement significant changes to processes and information technology (IT) infrastructure as a result of 2019 legislation authorizing numerous tax code changes. For FY21, the agency received \$8.4 million for enhancements to its combined reporting in GenTax, its tax administration software system, including tax changes.

The agency's vacancy rate increased slightly, to 24 percent, in November 2020. Over the past two quarters, TRD inactivated 39 positions that had been vacant for over two years.

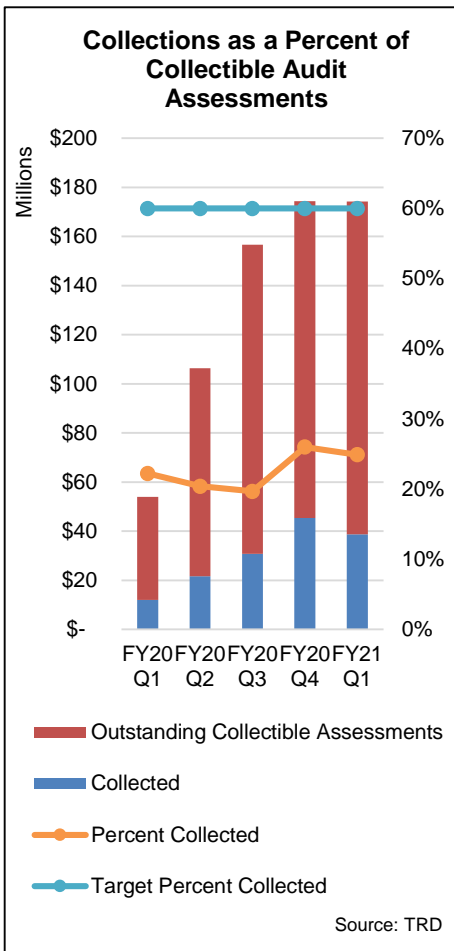
In response to the COVID-19 public health emergency, both MVD offices and TRD district offices are open by appointment only. The department has not held delinquent property tax sales for the past two quarters.

Tax Administration

The Tax Administration Program is on track to meet its annual target for collections of outstanding balances. The program collected \$89.2 million, or 9.4 percent, of its total collectible balance of \$953.5 million, or 41 percent of the target amount for the year.

However, the program fell short of its goal for collectible audit assessment. At the end of the first quarter, the program had collected \$44.3 million, or 25 percent, of the \$174.2 million in collectible audit assessments, short of its goal of maintaining collections at 60 percent. The department modified the measure for FY21 to account for the 90-day protest period, during which time assessments cannot be collected, and expects performance on the measure to improve in the future.

In FY20, the Audit and Compliance Division (ACD) began using a new data analytics tool to identify the most collectible audits. ACD could benefit from a detailed improvement action plan to address ongoing challenges with meeting collectible audit targets.

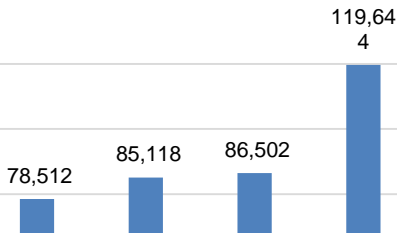


Budget: \$33,916 **FTE:** 495.8

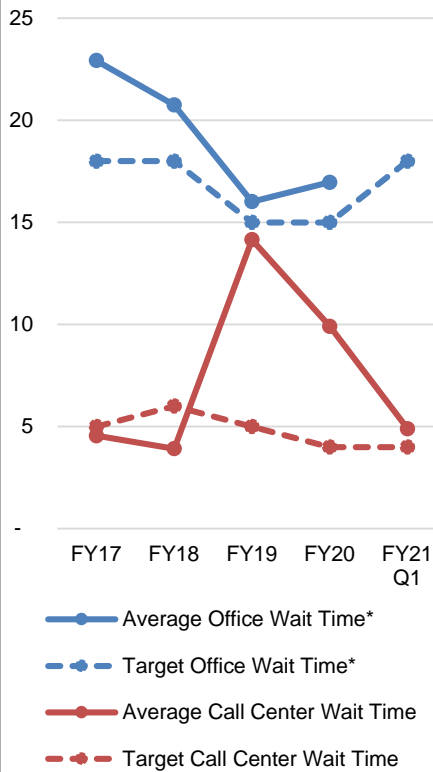
Measure	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year*	19%	19%	23%	9.4%			G
Collections as a percent of collectible audit assessments generated in the current fiscal year	49%	26%	60%	25%			R
Program Rating	Y	Y					Y

*Target is cumulative

MVD Call Volume



Average Wait Time in MVD Offices and MVD Call Centers (in minutes)



Source: TRD Quarterly Reports
*Only MVD q-matic equipped offices

Motor Vehicle

The Motor Vehicle Program decreased call center wait times significantly, from nearly ten minutes on average in FY20, to just under five minutes. Call volumes increased by nearly 40 percent from the previous quarter, due to limited in-person services. MVD recently implemented an interactive voice response system, which allows more customers to wait on hold, but has also led to a higher rate of abandoned calls.

MVD did not report on office wait times, citing a need to focus on maintaining social distancing and proper hygiene practices while offices are operating on an appointment-only basis. However, MVD should still track wait times to ensure efficiency, even with limited service. MVD is working to make available as many transaction types as possible online, including online license renewal for New Mexicans over the age of 79 and virtual title transfers. Prior to the pandemic, online transactions accounted for approximately one-quarter of total transactions, and have accounted for nearly half of total transactions, on average, throughout the pandemic. MVD field office transactions dropped from 35 percent to 14 percent of total transactions, while private partner office volume stayed steady at approximately 30 percent of transactions. TRD does not collect detailed information on service quality or wait times in contracted private partner offices, which would be beneficial to track, especially given limited capacity in MVD offices.

The share of registered vehicles with liability insurance continued to increase slightly, nearly reaching the target of 92 percent.

Budget: \$40,396 **FTE:** 326

Measure	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Registered vehicles with liability insurance	90.4%	90.6%	92%	91.2%			Y
Average wait time in "q-matic" equipped offices, in minutes	16:01	16:29	<18:00	NR			R
Average call center wait time to reach an agent, in minutes	14:09	9:55	<4:00	4:54			Y
Program Rating	Y	Y					Y

Compliance Enforcement

The agency is on track to meet its target for referral of tax investigations to prosecutors. In the first quarter of FY21, four new cases were opened and one existing case was referred to prosecutors. The number of tax investigations opened annually is small, causing this measure to fluctuate significantly between each quarter. However, due to the Covid-19 pandemic, the courts are experiencing a delay in scheduling hearings, and no cases were prosecuted during the first quarter of FY21.

Measure	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	61%	114%	85%	25%			G

PERFORMANCE REPORT CARD

Taxation and Revenue Department

First Quarter, Fiscal Year 2021

Successful tax fraud prosecutions as a percent of total cases prosecuted*

100%

100%

N/A

0%

Program Rating

R

G

G

*Measure is explanatory and does not have a target

Property Tax

The Property Tax Program collected and distributed to counties \$1.7 million in delinquent property taxes in the first quarter of FY21, or 13 percent of the annual target, and recovered 2.8 percent of total delinquent property taxes. Public sales of delinquent property have not taken place for the previous two quarters, due to restrictions related to the Covid-19 public health emergency. TRD should implement procedures to hold tax sales remotely as soon as is feasible.

Budget: \$4,226 FTE: 41

Measure	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Delinquent property tax collected and distributed to counties, in millions	\$12.9	\$10.4	\$13	\$1.7			Y
Percent of total delinquent property taxes recovered	21.2%	18.7%	18%	2.8%			Y
Program Rating	G	Y					Y

Program Support

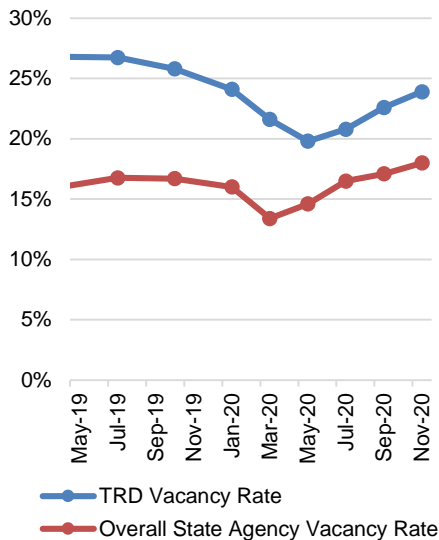
The department is on track to meet its performance target for the number of tax protest cases resolved, resolving 432 cases in the first quarter of FY21, or 28 percent of its total target number of cases for FY21.

The department submitted a figure of 43 percent for internal audit recommendations implemented, which is on track to meet a goal of 92 percent for FY21. However, the Internal Audit Division is engaged in documenting procedures for all of TRD, and is counting completed internal controls as part of the performance measure on implementation of internal audit recommendations. This may not be a meaningful gauge of the division's efficacy, and does not directly address the performance measure. In the first quarter, the division implemented four internal controls, but did not implement any audit recommendations.

Budget: \$21,077 FTE: 182

Measure	FY19 Actual	FY20 Actual	FY21 Target	FY21 Q1	FY21 Q2	FY21 Q3	Rating
Tax protest cases resolved	1,003	1,744	1,550	432			G
Internal audit recommendations implemented	61%	94%	92%	43%			Y
Program Rating	R	Y					Y

TRD and Overall Agency Vacancy Rate by Month



Source: SPO headcount reports