

## PERFORMANCE REPORT CARD

Taxation and Revenue Department  
Third Quarter, Fiscal Year 2022

### ACTION PLAN

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

For the third quarter of FY22, the Taxation and Revenue Department (TRD) remained on track to meet the annual target for tax investigations, resolved tax protest cases, and implementation of internal audit recommendations. The agency fell short on targets for percent of collectible outstanding balances, collecting only 12.3 percent from the end of the prior fiscal year. Regarding property taxes, the total amount of delinquent property taxes statewide is \$63 million. There has been staffing turnover as staff moved to other departments for promotion opportunities. There was a total of 36 internal promotions. As of May, TRD's reported agency wide vacancy rate was 23.5 percent.

The average call center wait time in the Motor Vehicle Division (MVD) continued to be better than the target, at 7 minutes, and "q matic" equipped offices averaged only 5 minutes and 49 seconds. MVD has kiosks that offer customers the new capability to transfer New Mexico titles online and additional transactions. These MVD kiosks are located in Albuquerque as an alternative to visiting a field office to complete transactions; the state does not fund the contracts for the kiosks, rather, owners take a percent of sales from the transactions. The MVD call center will work on filling six vacancies.

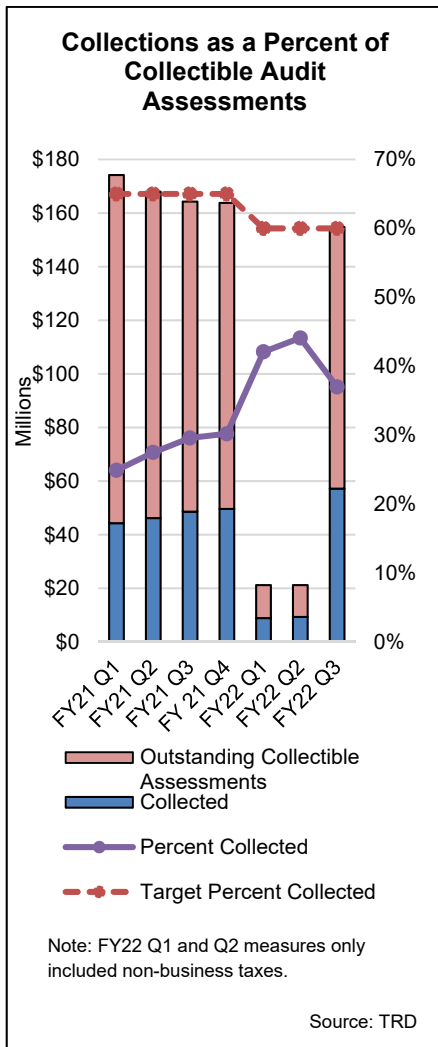
TRD reported 100 percent success in prosecuting tax fraud cases; the two prosecuted cases resulted in successful convictions. The Internal Investigations Bureau (IIB) opened eight cases and closed seven during the third quarter. The pandemic continues to cause delays in scheduling hearings, trials, and in-person grand jury proceedings.

Regarding tax protest cases, the agency is on track to meet the targeted performance of tax protest cases resolved. The cumulative total of cases resolved is 1,312 cases in FY22, or 213 cases short of the agencies total target number of cases for the fiscal year.

### Tax Administration

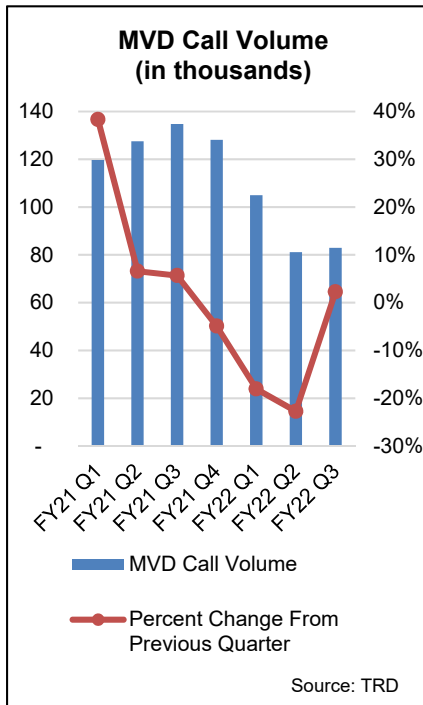
Collections toward the beginning of the fiscal year accounts receivable balance was \$1.2 billion less internal reductions of \$171.4 million, leaving the Tax Administration program with a collectible balance of \$1 billion. Of the \$1 billion, the program collected \$129.4 million, which is 12.3 percent of the total. The accounts receivable reductions resulted from amended returns, abatements, deactivations, bankruptcy, and reversals. The total FY22 reduction, beginning with accounts receivable, was \$300.9 million or 24.5 percent, bringing the balance to \$924.5 million.

The agency's target is to provide registration and reporting to maintain audit assessments for collections at 60 percent. Providing registration and reporting requirements for tax programs ensures the administration, collection, compliance, and enforcement of state taxes and fees, which provide funding for services to the public through fiscal appropriations. Excluded from the assessments tracked are those deemed as uncollectible by statute since they are in protest, bankruptcy, deactivated, or less than 91



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days old. The first, second, and third quarters of FY22 and FY21 fourth quarter assessments totaled \$170.4 million, including \$5.5 million in protest and \$9.9 million that has been abated. This leaves a collectible balance of \$154.8 million, of which \$57.2 million has been collected, resulting in a 37 percent collection rate. In the past two quarters, reports only included non-business taxes, but the agency has resumed reporting on business taxes for the current quarter.

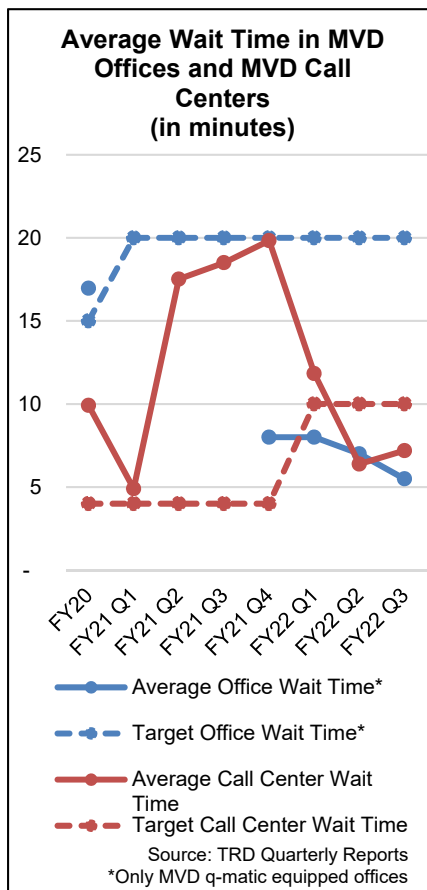
**Budget:** \$20,099.4 FTE: 344

Measure	FY20 Actual	FY21 Actual	FY22 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year*	19%	17.6%	25%	3.4%	4.7%	12.3%	R
Collections as a percent of collectible audit assessments generated in the current fiscal year	26%	30.3%	60%	42.1%	44.1%	37%	R
<b>Program Rating</b>	Y	Y					R

\*Target is cumulative

### Motor Vehicle

There was a slight decrease in the number of registered vehicles with liability insurance as MVD continues to monitor the number of vehicles being tracked for insurance verification. The decrease was due to the annual reload process in which insurance companies remove all policies from MVD and resubmit all current policies. There have also been ongoing issues with insurance companies incorrectly reporting fleet and commercial policies. Both of these issues have falsely inflated the uninsured rate reported.



The average wait time at the MVD call center during this quarter was 7 minutes and 19 seconds. The center has seen a substantial increase in calls due to the pandemic and as field offices continue to serve customers by appointment only. The MVD call center will be working on filling the current six vacancies to maintain and improve wait times. Any closures or staffing issues were due to Covid-19 exposures, inclement weather, or building issues. Thirty-one of the 32 offices consistently have same day appointment availability and a mobile ticketing system allows customers to check-in remotely without pulling a physical ticket at the office. MVD recently added the capability for customers to request and process New Mexico title transfers online and have worked to include additional transactions to MVD kiosks to provide customers with alternative options to complete their transaction.

**Budget:** \$37,607 FTE: 331

Measure	FY20 Actual	FY21 Actual	FY22 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Registered vehicles with liability insurance	90.6%	91.4%	93%	91.5%	91.3%	90.6%	R
Average wait time in "q-matic" equipped offices, in minutes	16:29	8:00	<20:00	8:00	7:00	5:49	G
Average call center wait time to reach an agent, in minutes	9:55	15:11	<10:00	11:50	6:23	7:19	G
<b>Program Rating</b>	Y	Y					Y



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### Compliance Enforcement

For the third quarter, TRD reported 100 percent completion for tax investigations, with two investigation cases opened and two referred during the fiscal year. The FY22 cumulative total remains at 50 percent, with a total of four cases opened and two cases referred to the court system. During this quarter, the Tax Fraud Investigations Bureau had one employee resign and hired two FTEs that will soon attend the New Mexico Law Enforcement Academy to become certified law enforcement officers. These special agents assist in criminal prosecution of tax evasion and fraud violations of the New Mexico Taxation Act.

Due to the pandemic, the courts are experiencing a delay in scheduling hearings, trials, and in-person grand jury proceedings. The courts continue to slowly resume in-person trials during the third quarter. The two cases prosecuted resulted in successful convictions. The FY22 cumulative total for the percentage of successful prosecutions in relation to the total investigations prosecuted is 100 percent. The Internal Investigations Bureau (IIB) opened eight cases and closed seven during the third quarter. The seven closed internal investigations were within the 60-day timeframe to maintain a 100 percent closure rate. The eighth case was opened four days before the third quarter ended and remains open but is within the 60-day timeframe.

Budget: \$1,634 FTE: 21

Measure	FY20 Actual	FY21 Actual	FY22 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	114%	67%	85%	50%	0%	100%	G
Successful tax fraud prosecutions as a percent of total cases prosecuted*	100%	100%	N/A	0%	0%	100%	G
Program Rating	G	Y					G

\*Measure is explanatory and does not have a target

### Property Tax

The Property Tax Division (PTD) expects to reach its target of returning \$13 million in unpaid taxes to New Mexico counties by the end of the year.

PTD is using the 2017 Delinquency List due to difficulties in downloading some of the information necessary to have a reliable 2018 list. TRD reports waiting on Santa Fe County to produce a Tax and Payment Report before they will be able to produce final 2018 delinquent list resolutions. The total amount of delinquent property taxes statewide is \$63 million. The agency continues to fall short of its target for delinquent property taxes collected, having only collected a total of \$1.7 million in the third quarter of FY22.

Seventeen sales for delinquencies are scheduled for the remainder of this fiscal year, five of which will be held in the first week of May. There are 12 delinquent sales in preparation; the last is tentatively scheduled for June 24, 2022.

Though Axiomatics' software development phase is complete, Axiomatic, under the condition of perfective maintenance is working to make the delinquency list better in terms of informational control and auditing purposes.



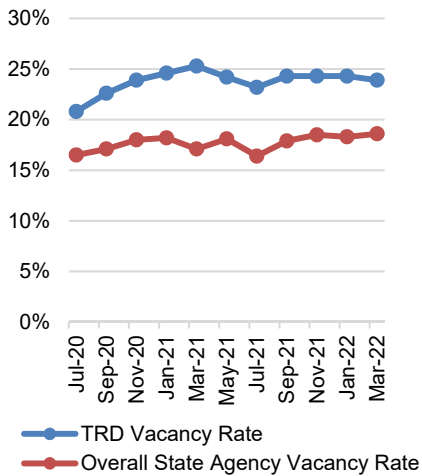
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**Budget:** \$5,297.7 **FTE:** 39

Measure	FY20 Actual	FY21 Actual	FY22 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Delinquent property tax collected and distributed to counties, in millions	\$10.4	\$10.7	\$30.0	\$3.4	\$1.7	\$1.5	R
Percent of total delinquent property taxes recovered	18.7%	18.7%	15%	3.9%	2.7%	2.4%	R
<b>Program Rating</b>	Y	Y					R

### TRD and Overall Agency Vacancy Rate by Month



Source: SPO headcount reports

### Program Support

During the third quarter, 483 tax protest cases were reviewed and resolved with 2 percent of the cases having a hearing at the Administrative Hearings Office. TRD is on track to meet its target of tax protest cases resolved, with a cumulative total of 1,312 resolved. There is still one vacant FTE in the internal audit team but TRD reports being in the process of hiring. A Corporate Culture Survey was distributed during the third quarter and the results are continuing to be analysed into the fourth quarter.

Six audit recommendations/procedures were carried over from first quarter of FY22 and implemented in the third quarter of FY22. Four were implemented in the second quarter and two are due in the fourth quarter.

**Budget:** \$9101.4 **FTE:** 103

Measure	FY20 Actual	FY21 Actual	FY22 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Tax protest cases resolved	1,744	1,550	1,525	484	345	483	G
Internal audit recommendations implemented	94%	100%	92%	88%	100%	100%	G
<b>Program Rating</b>	Y	G					G