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HOUSE BILL 199

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Derrick J. Lente

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

RELATING TO TAXATION; AUTHORIZING THE REVEAL OF TAXPAYER RETURN INFORMATION TO STAFF OF THE LEGISLATIVE FINANCE COMMITTEE TO EVALUATE PROGRAMS THAT HAVE A FISCAL IMPACT TO THE STATE OR A POLITICAL SUBDIVISION OF THE STATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-1-4.2 NMSA 1978 (being Laws 2003, Chapter 398, Section 2, as amended) is amended to read:

"7-1-4.2. NEW MEXICO TAXPAYER BILL OF RIGHTS.--The rights afforded New Mexico taxpayers during the assessment, collection and enforcement of any tax administered by the department as set forth in the Tax Administration Act include:

A. the right to available public information and prompt and courteous tax assistance;

B. the right to be represented or advised by

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1 counsel or other qualified representatives at any time in
2 administrative interactions with the department in accordance
3 with the provisions of Section 7-1-24 NMSA 1978 or the
4 administrative hearings office in accordance with the
5 provisions of the Administrative Hearings Office Act;

6 C. the right to have audits, inspections of records
7 and meetings conducted at a reasonable time and place in
8 accordance with the provisions of Section 7-1-11 NMSA 1978;

9 D. the right to have the department conduct its
10 audits in a timely and expeditious manner and be entitled to
11 the tolling of interest as provided in the Tax Administration
12 Act;

13 E. the right to obtain nontechnical information
14 that explains the procedures, remedies and rights available
15 during audit, protest, appeals and collection proceedings
16 pursuant to the Tax Administration Act;

17 F. the right to be provided with an explanation of
18 the results of and the basis for audits, assessments or denials
19 of refunds that identify any amount of tax, interest or penalty
20 due;

21 G. the right to seek review, through formal or
22 informal proceedings, of any findings or adverse decisions
23 relating to determinations during audit or protest procedures
24 in accordance with the provisions of Section 7-1-24 NMSA 1978
25 and the Administrative Hearings Office Act;

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1 H. the right to have the taxpayer's tax information
2 kept confidential unless otherwise specified by law, in
3 accordance with Sections 7-1-8 through ~~[7-1-8.11]~~ 7-1-8.12 NMSA
4 1978;

5 I. the right to abatement of an assessment of taxes
6 determined to have been incorrectly, erroneously or illegally
7 made, as provided in Section 7-1-28 NMSA 1978 and the right to
8 seek a compromise of an asserted tax liability by obtaining a
9 written determination of liability or nonliability when the
10 secretary in good faith is in doubt of the liability as
11 provided in Section 7-1-20 NMSA 1978;

12 J. upon receipt of a tax assessment, the right to
13 be informed clearly that if the assessment is not paid,
14 secured, protested or otherwise provided for in accordance with
15 the provisions of Section 7-1-16 NMSA 1978, the taxpayer will
16 be a delinquent taxpayer and, upon notice of delinquency, the
17 right to timely notice of any collection actions that will
18 require sale or seizure of the taxpayer's property in
19 accordance with the provisions of the Tax Administration Act;
20 and

21 K. the right to procedures for payment of tax
22 obligations by installment payment agreements, in accordance
23 with Section 7-1-21 NMSA 1978."

24 SECTION 2. Section 7-1-8 NMSA 1978 (being Laws 1965,
25 Chapter 248, Section 13, as amended) is amended to read:

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1 "7-1-8. CONFIDENTIALITY OF RETURNS AND OTHER
2 INFORMATION.--

3 A. It is unlawful for any person other than the
4 taxpayer to reveal to any other person the taxpayer's return or
5 return information, except as provided in Sections 7-1-8.1
6 through [~~7-1-8.11~~] 7-1-8.12 NMSA 1978.

7 B. A return or return information revealed [~~under~~]
8 pursuant to Sections 7-1-8.1 through [~~7-1-8.11~~] 7-1-8.12 NMSA
9 1978:

10 (1) may only be revealed to a person
11 specifically authorized to receive the return or return
12 information and the employees, directors, officers and agents
13 of such person whose official duties or duties in the course of
14 their employment require the return or return information and
15 to an employee of the department;

16 (2) may only be revealed for the authorized
17 purpose and only to the extent necessary to perform that
18 authorized purpose;

19 (3) shall at all times be protected from being
20 revealed to an unauthorized person by physical, electronic or
21 any other safeguards specified by directive by the secretary;
22 and

23 (4) shall be returned to the secretary or the
24 secretary's delegate or destroyed as soon as it is no longer
25 required for the authorized purpose.

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1 C. If any provision of Sections 7-1-8.1 through
2 [~~7-1-8.11~~] 7-1-8.12 NMSA 1978 requires that a return or return
3 information will only be revealed pursuant to a written
4 agreement between a person and the department, the written
5 agreement shall:

6 (1) list the name and position of any official
7 or employee of the person to whom a return or return
8 information is authorized to be revealed under the provision;

9 (2) describe the specific purpose for which
10 the return or return information is to be used;

11 (3) describe the procedures and safeguards the
12 person has in place to ensure that the requirements of
13 Subsection B of this section are met; and

14 (4) provide for reimbursement to the
15 department for all costs incurred by the department in
16 supplying the returns or return information to, and
17 administering the agreement with, the person.

18 D. A return or return information that is lawfully
19 made public by an employee of the department or any other
20 person, or that is made public by the taxpayer, is not subject
21 to the provisions of this section once it is made public."

22 SECTION 3. A new Section 7-1-8.12 NMSA 1978 is enacted to
23 read:

24 "7-1-8.12. [NEW MATERIAL] INFORMATION THAT MAY BE
25 REVEALED TO STAFF OF THE LEGISLATIVE FINANCE COMMITTEE.--

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1 A. An employee of the department may reveal to
2 staff of the legislative finance committee return information
3 for purposes provided in this section.

4 B. Upon request by the director of the legislative
5 finance committee, including by electronic means, the
6 department shall provide return information, except that which
7 is prohibited by law, to the staff of the legislative finance
8 committee. In cases where access is prohibited by federal law,
9 and upon an additional request by the director, the department
10 shall provide the requested return information, redacting any
11 prohibited information. In regard to return information filed
12 pursuant to the Income Tax Act, Corporate Income and Franchise
13 Tax Act, Withholding Tax Act and Uniform Division of Income for
14 Tax Purposes Act, the department shall only provide aggregated
15 data to three taxpayers, or more if necessary to maintain
16 federal standards for confidential return information, as
17 determined by the department, and shall not include personally
18 identifiable information.

19 C. Prior to the initial reveal of return
20 information to the staff of the legislative finance committee,
21 the department and the director of the legislative finance
22 committee shall enter into a memorandum of understanding for
23 security protocols regarding the confidentiality of the return
24 information. The memorandum of understanding shall be in
25 effect for any subsequent requests to reveal return

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1 information.

2 D. If the information requested pursuant to
3 Subsection B of this section is available in an electronic
4 format, the information shall be provided in an editable
5 electronic format available for viewing and editing in software
6 available to the staff of the legislative finance committee.

7 E. The department shall provide visible and clearly
8 marked notification of confidential return information provided
9 pursuant to this section. The staff of the legislative finance
10 committee shall not reveal such return information unless the
11 information is aggregated to at least three businesses.

12 F. The staff of the legislative finance committee
13 receiving return information pursuant to this section is
14 prohibited from requesting or using the information for any
15 purpose other than to evaluate programs that have a fiscal
16 impact to the state or a political subdivision of the state.

17 G. Confidential return information received
18 pursuant to this section shall be destroyed within one year of
19 receipt of the information."

20 SECTION 4. EFFECTIVE DATE.--The effective date of the
21 provisions of this act is July 1, 2025.

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