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FISCAL IMPACT REPORT

SPONSOR Block LAST UPDATED _____
ORIGINAL DATE 02/28/2025
SHORT TITLE Government Accountability to Taxpayer Act BILL NUMBER Senate Bill 484
ANALYST Fischer

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
GATO		\$500.0	\$1,000.0 to \$1,500.0	\$1,500.0 to \$2,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Program Evaluation Unit Reports

Agency Analysis Received From
Health Care Authority

SUMMARY

Synopsis of Senate Bill 484

Senate Bill 484 (SB484) creates a new executive agency, the “Government Accountability to Taxpayer Office,” or GATO, tasked with conducting performance audits of state agencies and programs, recommending improvements in government, and monitoring the implementation of those recommendations. The office is given subpoena power and access to records, documents, and data from other state agencies that are not made expressly confidential by law.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

The operational estimates assume a cost of \$500 thousand in year one and between \$1 million and \$1.5 million in year two, covering the costs of approximately 6 FTE for the office, including an executive director, four evaluators, and an administrative professional.

SIGNIFICANT ISSUES

The Government Accountability to Taxpayer Office (GATO) established in SB484 would create centralized executive oversight of state agencies. State agency is not defined in the bill, but it presumably means agencies of the executive branch, not the legislative or judicial branches of government, and it would also not likely include public schools or state higher education

institutions.

The work of the GATO could be somewhat duplicative of the inspector general/internal audit functions of the (at least) nine state agencies that have them—though the Legislative Finance Committee’s Program Evaluation Unit (LFC) has long called for reforms in how those internal audit offices function within the executive. The role of an internal audit function is to investigate and evaluate the system of internal controls and the efficiency with which the various units of an agency are performing their assigned roles and to report their findings and make recommendations for improvement to an internal audit board, committee, or top management. When structured correctly, agency internal audit functions can help ensure financial accuracy, efficiency, transparency, and accountability.

However, reports from the LFC in December 2022 and March 2006 noted that internal audit functions across New Mexico state agencies vary greatly and that they often lacked statutory guardrails, were structured in such a way that potentially impaired independence, lacked published work plans, did not coordinate their work, and sometimes did not have a positive return on investment—meaning the cost of the staff time was more than the savings or efficiencies those staff identified. As a result, LFC has recommended that the state consider creating a stand-alone office of inspector general, similar to GATO, that would audit and investigate executive branch agencies or strengthen statutory guardrails around inspector general/internal audit functions within state agencies.

As structured in SB484, GATO addresses some of the issues with internal audit functions identified by the LFC—the office has sufficient authority and powers to investigate state agencies and is required to produce an annual report of its activities, findings and recommendations—but is still burdened with potential issues of independence and standardization—working at the will of the governor and without the mandate of developing or following a set work plan and standard evaluation procedures like those defined by the U.S. Government Accountability Office’s Yellow Book.

MF/rl/SL2