

HOUSE BILL 199

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

INTRODUCED BY

Derrick J. Lente

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

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:

.229312.3AIC March 17, 2025 (7:44pm)

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

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

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

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

F. the right to be provided with an explanation of the results of and the basis for audits, assessments or denials

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of refunds that identify any amount of tax, interest or penalty due;

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

H. the right to have the taxpayer's tax information kept confidential unless otherwise ~~STBTC~~→~~specified by law, in accordance with Sections 7-1-8 through [7-1-8.11] 7-1-8.12 NMSA 1978~~←STBTC ~~STBTC~~→~~authorized by the Tax Administration Act~~←STBTC ;

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

J. upon receipt of a tax assessment, the right to be informed clearly that if the assessment is not paid, secured, protested or otherwise provided for in accordance with the provisions of Section 7-1-16 NMSA 1978, the taxpayer will be a delinquent taxpayer and, upon notice of delinquency, the right to timely notice of any collection actions that will

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require sale or seizure of the taxpayer's property in accordance with the provisions of the Tax Administration Act; and

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

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

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

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

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

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

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

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authorized purpose;

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

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

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

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

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

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

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

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

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

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

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

B. Upon request by the director of the legislative finance committee, including by electronic means, the department shall provide return information, except that which is prohibited by law, to the staff of the legislative finance committee. In cases where access is prohibited by federal law, and upon an additional request by the director, the department shall provide the requested return information, redacting any prohibited information. In regard to return information filed pursuant to the Income Tax Act, Corporate Income and Franchise Tax Act, Withholding Tax Act STBTC→, Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act←STBTC and Uniform Division of Income for Tax Purposes Act, the department shall only provide aggregated data STBTC→to←STBTC STBTC→of at least←STBTC three taxpayers, or more if necessary to maintain

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federal standards for confidential return information, as determined by the department, and shall not include personally identifiable information.

C. Prior to the initial reveal of return information to the staff of the legislative finance committee, the department and the director of the legislative finance committee shall enter into a memorandum of understanding for security protocols regarding the confidentiality of the return information. The memorandum of understanding shall be in effect for any subsequent requests to reveal return information. STBTC→The department may require that the staff of the legislative finance committee satisfactorily complete appropriate training on protecting confidential information prior to receiving return information pursuant to this section.←STBTC

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

E. The department shall provide visible and clearly marked notification of confidential return information provided pursuant to this section STBTC→, redacting any prohibited information pursuant to Subsection B of this section←STBTC .

The staff of the legislative finance committee shall not reveal

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such return information unless the information is aggregated to at least three businesses.

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

G. Confidential return information received pursuant to this section shall be destroyed STBTC→~~within one year of receipt of the information~~←STBTC STBTC→as soon as it is no longer required for the purposes authorized by this section←STBTC ."

STBTC→SECTION 4. Section 7-1-76 NMSA 1978 (being Laws 1965, Chapter 248, Section 76, as amended) is amended to read:

"7-1-76. REVEALING INFORMATION CONCERNING TAXPAYERS.--A person who reveals to another person any return or return information that is prohibited from being revealed pursuant to Section 7-1-8 NMSA 1978 or who uses a return or return information for any purpose [~~that is not~~] except as authorized by [Sections 7-1-8 through 7-1-8.11 NMSA 1978] the Tax Administration Act is guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than one thousand dollars (\$1,000) or imprisoned up to one year, or both, together with costs of prosecution, and shall not be employed by the state for a period of five years after the date of the

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conviction."←STBTC

SECTION STBTC→4.←STBTC STBTC→5.←STBTC EFFECTIVE

DATE.--The effective date of the provisions of this act is July
1, 2025.

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