FY2021 Appropriation Request Highlights

Presented to the Legislative Finance Committee

December 9, 2019

Stephanie Schardin Clarke, Cabinet Secretary
Emily Oster, Deputy Cabinet Secretary
Denise Irion, Administrative Services Division Director
Miranda Ntoko, Administrative Services Division Deputy Director
Manoj Shah, Budget Director
Agency Overview
Executive Leadership Team

Office of the Secretary
Cabinet Secretary: Stephanie Schardin Clarke
Deputy Cabinet Secretary: Emily Oster, CPA
Tax Policy Director: Clinton Turner
Chief Legal Counsel: Tim Van Valen
General Counsel: Vacant
Director of Communications: Charlie Moore
Chief Security Officer: Raja Sambandam
Taxpayer Advocate: Tiffany Smyth
Chief Economist: Vacant
Local Government Liaison: David Montieth

Property Tax Division
Director: Donna Maestas-De Vries
Deputy Director: Michael O’Melia

Revenue Processing Division
Director: Charlene Trujillo
Deputy Director: Rick Lopez

Motor Vehicle Division
Director: Alicia Ortiz
Deputy Director Field Operations: Htet Gonzales
Deputy Director Central Admin: Gerasimos Razatos

Tax Fraud Investigation
Director: Vince Mares
Deputy Director: Vacant

Information Technology
CIO: Mike Baca
Deputy CIO: Darshana Kanabar

Audit & Compliance
Director: Aysha Mora
Deputy Director: Audit: Aaron Brown
Deputy Director: Compliance: Lisa Trujillo

Administrative Services
Director: Denise Irion
Deputy Director: Miranda Ntoko
TRD Divisions

P572 Program Support

Administrative Services Division (ASD)
- Office of the Secretary (OOS) – Tax Policy, Legal, Office of Internal Oversight, Taxpayer Advocate
- Financial Services, Financial Distributions, Budget, General Services & Human Resources Bureau
- Auditing, Accounting, Procurement, Revenue and Cash processing, and general oversight

Information Technology Division (ITD)
- Database Support Bureau, Data Warehouse Bureau, Infrastructure Support Bureau, Motor Vehicle Development Bureau, Operations Bureau and support for GenTax and Tapestry software systems
- Production, development and support teams tasked with system maintenance and upgrade, and implementation of legislative tax laws & changes
TRD Divisions, Continued

P573 Tax Administration Act

Revenue Processing Division (RPD)
- Administrative Resolution and Services Bureau, Data Capture Bureau, Postal Processing Center, and Returns Processing Bureau
- Primary function is to collect and deposit tax and fee revenue

Audit & Compliance Division (ACD)
- Five district offices and bureaus that encompass two primary functions: audit and collections
- Core functions include initiating audits, resolving tax issues, conducting compliance activities and providing taxpayer assistance

P574 Motor Vehicle Division (MVD)
- Central Administration: oversees driver services including DWI compliance and insurance verification
  - Partner Support & Compliance Unit oversees 40 county/municipally owned offices & 17 private partner offices
- Field Operations & Customer Service: operates 33 field offices statewide
TRD Divisions, Continued

P575 Property Tax Division (PTD)

- Appraisal Bureau, Delinquent Property Tax Bureau & State Assessed Property Bureau
- Uniquely self-funded within TRD
- Responsible for auctioning delinquent property to the public
  - Penalty and interest collected stays within agency
- Contributes about $1.6 billion per year to New Mexico county, municipality, school district and state taxing entities
- Provides technical assistance to 33 County Assessors and evaluates assessors annually

P579 Tax Fraud Investigations Division (TFID)

- Consists of 3 Bureaus: Forensic Audit, Internal Investigations and Tax Fraud Investigations
- Fosters TRD’s goal of voluntary tax compliance
- Investigates and recommends for criminal prosecution or civil penalty instances where a taxpayer intentionally violates the Tax Administration Act
Agency Staffing: 24.5% vacant, down from 30% on February 1, 2019... 50 more employees statewide
## Vacancy Rates

<table>
<thead>
<tr>
<th>Divisions</th>
<th>FY 19</th>
<th></th>
<th>FY 20</th>
<th></th>
<th>FY 21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TOTAL FTEs</td>
<td>Actual Vacancy Rate</td>
<td>TOTAL FTEs</td>
<td>Appropriation Request</td>
<td>Actual Vacancy Rate (First 5 months)</td>
</tr>
<tr>
<td>ASD</td>
<td>103.0</td>
<td>24.0%</td>
<td>110.0</td>
<td>13.8%</td>
<td>20.0%</td>
</tr>
<tr>
<td>ITD</td>
<td>70.0</td>
<td>33.0%</td>
<td>72.0</td>
<td>6.0%</td>
<td>25.4%</td>
</tr>
<tr>
<td>ACD</td>
<td>348.5</td>
<td>24.0%</td>
<td>348.5</td>
<td>19.7%</td>
<td>23.5%</td>
</tr>
<tr>
<td>RPD</td>
<td>147.3</td>
<td>44.0%</td>
<td>142.3</td>
<td>20.5%</td>
<td>35.9%</td>
</tr>
<tr>
<td>MVD</td>
<td>338.0</td>
<td>22.0%</td>
<td>338.0</td>
<td>12.0%</td>
<td>23.4%</td>
</tr>
<tr>
<td>PTD</td>
<td>39.0</td>
<td>31.0%</td>
<td>41.0</td>
<td>0.0%</td>
<td>26.8%</td>
</tr>
<tr>
<td>TFID</td>
<td>21.0</td>
<td>43.0%</td>
<td>21.0</td>
<td>15.0%</td>
<td>23.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,066.80</strong></td>
<td></td>
<td><strong>1,072.80</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Agency Staffing Statistics: A deep dive

Actions taken since February 1, 2019 (10 months) include:

Recruitment (fill those vacancies!)
• 142 new hires have joined TRD from outside of State government
• 31 new TRD employees have joined us from other State agencies

Retention (resolve pay inequities and keep quality employees)
• 238 in-pay band salary increases
• 120 internal promotions
• 32 rehires
FY2021 Appropriation Request Detail
## FY21 TRD Appropriation Request Overview (in 000's)

<table>
<thead>
<tr>
<th>Program Code</th>
<th>FY20 Operating Budget</th>
<th>FY21 Appropriation Request</th>
<th>Difference</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>P572 - ASD &amp; ITD</td>
<td>21,024.30</td>
<td>23,220.00</td>
<td>2,195.7</td>
<td>10.4%</td>
</tr>
<tr>
<td>P573 - RPD &amp; ACD</td>
<td>32,206.60</td>
<td>35,714.10</td>
<td>3,507.5</td>
<td>10.9%</td>
</tr>
<tr>
<td>P574 - MVD</td>
<td>32,891.70</td>
<td>38,330.90</td>
<td>5,439.2</td>
<td>16.5%</td>
</tr>
<tr>
<td>P574 - MVD- Fund Balance</td>
<td>-</td>
<td>2,050.00</td>
<td>2,050.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>P575 - PTD</td>
<td>4,280.70</td>
<td>4,280.70</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>P579 - TFID</td>
<td>1,612.70</td>
<td>1,766.30</td>
<td>153.6</td>
<td>9.5%</td>
</tr>
<tr>
<td></td>
<td>92,016.0</td>
<td>105,362.0</td>
<td>13,346.0</td>
<td>14.5%</td>
</tr>
</tbody>
</table>
## FY21 TRD General Fund Appropriation Request Overview (in 000's)

<table>
<thead>
<tr>
<th>Program Code</th>
<th>Fund</th>
<th>FY20 Operating Budget</th>
<th>FY21 Appropriation Request</th>
<th>Difference</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>P572 - ASD &amp; ITD</td>
<td>General Fund</td>
<td>20,365.9</td>
<td>22,171.2</td>
<td>1,805.3</td>
<td>8.9%</td>
</tr>
<tr>
<td>P573 - RPD &amp; ACD</td>
<td>General Fund</td>
<td>29,579.5</td>
<td>27,676.0</td>
<td>(1,903.5)</td>
<td>-6.4%</td>
</tr>
<tr>
<td>P574 - MVD</td>
<td>General Fund</td>
<td>12,044.2</td>
<td>17,490.8</td>
<td>5,446.6</td>
<td>45.2%</td>
</tr>
<tr>
<td>P579 - TFID</td>
<td>General Fund</td>
<td>1,612.7</td>
<td>1,766.3</td>
<td>153.6</td>
<td>9.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total General Fund Request Increase</strong></td>
<td></td>
<td>63,602.3</td>
<td>69,104.3</td>
<td>5,502.0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
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<tr>
<td>63,602.3</td>
<td>69,104.3</td>
<td>5,502.0</td>
<td>8.7%</td>
</tr>
</tbody>
</table>
Other Non-Operating Appropriation Requests (in 000’s)

Special Appropriations

• **#1 Rank: Implement tax code changes mandated in legislation**
  • This request would provide funding to implement statutory changes in the tax administration and motor vehicle administration information technology systems of record.
  • Funding request amount: $10,000.0

• **#2 Rank: For a statewide tax preparation assistance program for low-income or elderly taxpayers**
  • This request would provide funding for TRD to contract with a vendor or vendors to train volunteer tax preparers to pass certification exams and provide tax preparation assistance to low-income or elderly taxpayers.
  • Funding request amount: $150.0
Key Initiatives
Strategic Planning Initiative Underway

• New and improved Mission Statement, Vision Statement, and Core Values are in the works. Will emphasize:
  • We exist to serve New Mexico and improve quality of life
  • We value integrity, respect, excellence, innovation, communication
  • We strive to:
    • Embody a culture of respect, integrity and innovation
    • Be a trusted partner to all of our customers
    • Employ a skilled, knowledgeable and service-oriented workforce
    • Administer tax and motor vehicle laws with fairness, efficiency and consistency
    • Offer a variety of flexible and secure technology solutions to improve customer experience
    • Empower customers through outreach, ease of compliance, and education
Strategic Planning: Goals

• Strategic plan will establish strategic goals, objectives and specific action steps necessary to achieve

• Strategic Goals:
  • Enhance customer experience and customer service
  • Cultivate workforce excellence
  • Improve efficiency and transparency of department operations
Initiatives to Support Employee Engagement

• Fitness and wellness leave
• Tuition assistance and educational leave
• Alternative work schedules
• Using values-based recruitment to ensure new hires share management’s values, encourage hiring outside of government agencies
• Internal Podcast “Radio MVD”
• Internal Newsletter “TRD Today”
• Active personnel management/fair and consistent application of policies
• Mandatory civility in the workplace training
• TRD Leadership Lending Library to grow the leaders of tomorrow
• Strategic planning will result in strong statements of mission, values, and vision for the future
• Corporate Culture Survey and other opportunities for anonymous employee feedback
• Celebrating every small win
• State Personnel Office’s #IServeNM challenge
• Amended FMLA policy to allow intermittent leave for child birth/adoptions and to include care for domestic partners
Other Major Initiatives Underway

• RFP underway for Albuquerque office space (currently at Bank of the West building)
• Recently created qualified film vendor list to streamline
• Data Analytics
  • Phase I went live July 2019 – GRT audit selection
  • Phase II will focus on mitigating internal and external threat and predictive analytics/forecasting
• Property Tax Division System Modernization: $2 million for modernization and automation of the property tax business system
• Complete projects to restore Interactive Voice Response (IVR) functionality at TRD call center
• MVD Kiosk self service technology
Major Tax Policy Initiatives

• Working through two-step implementation of internet sales
  • Began taxing internet sales at flat statewide rate of 5.125% on July 1, 2019
  • On July 1, 2021, will move to destination-based sourcing and impose state and local rates
• Implemented hospital GRT reform on 7/1/2019
• Assuming administration of Insurance Premiums Tax on 1/1/2020
• Tax Policy Advisory Committee established to identify changes needed to be competitive, encourage economic development, equity and simplicity.
Identified Need for Taxpayer Outreach and Education

• Management has identified the need for TRD to offer more, better taxpayer outreach and education
• In coming years, we need to leverage technology to offer a variety of technologies to meet expectations of all customers
  • Interactive Voice Response telephone functionality was lost in 2018, will return soon to MVD and ACD call centers
  • Kiosks are necessary to allow self-service at MVD field offices
  • Expand quality and availability of CRS workshops
  • Continue to expand online service capabilities through Taxpayer Access Point (TAP)
• Requested FY2021 funding to allow TRD to securely email taxpayers – currently not offered so all correspondence is by mail
Questions & Discussion?
Thank you!

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http://www.tax.newmexico.gov/