

FY26 Appropriation Request

Presentation to Legislative Finance Committee December 9, 2024

Stephanie Schardin Clarke, Cabinet Secretary

Aysha Mora, Deputy Cabinet Secretary

Denise A. Irion, Administrative Services Division Director

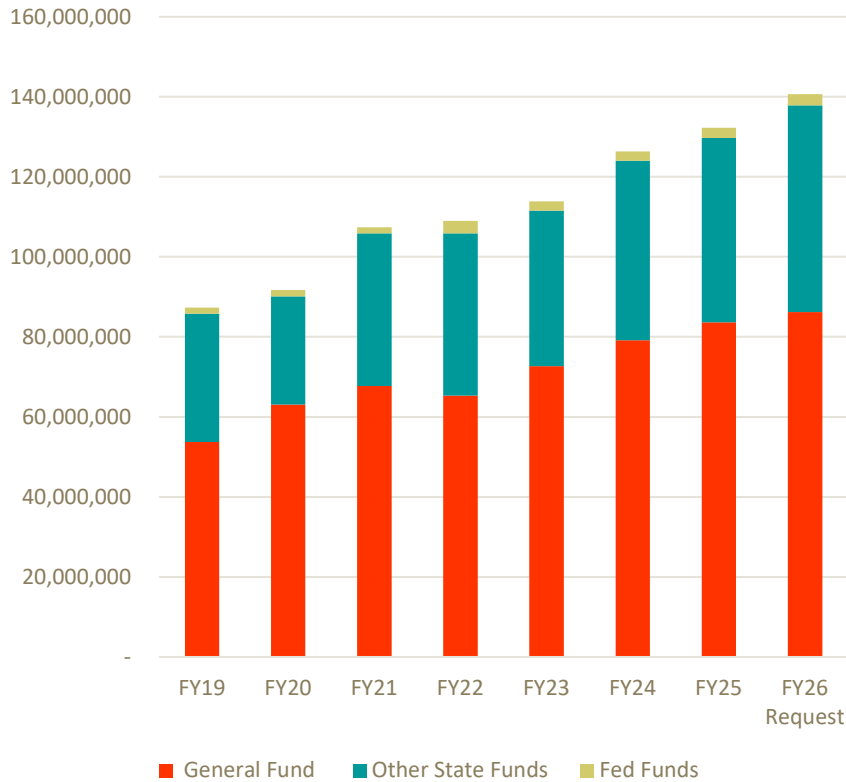
Annette Reynolds, Administrative Services Division Deputy Director

FY 26 Budget Priorities

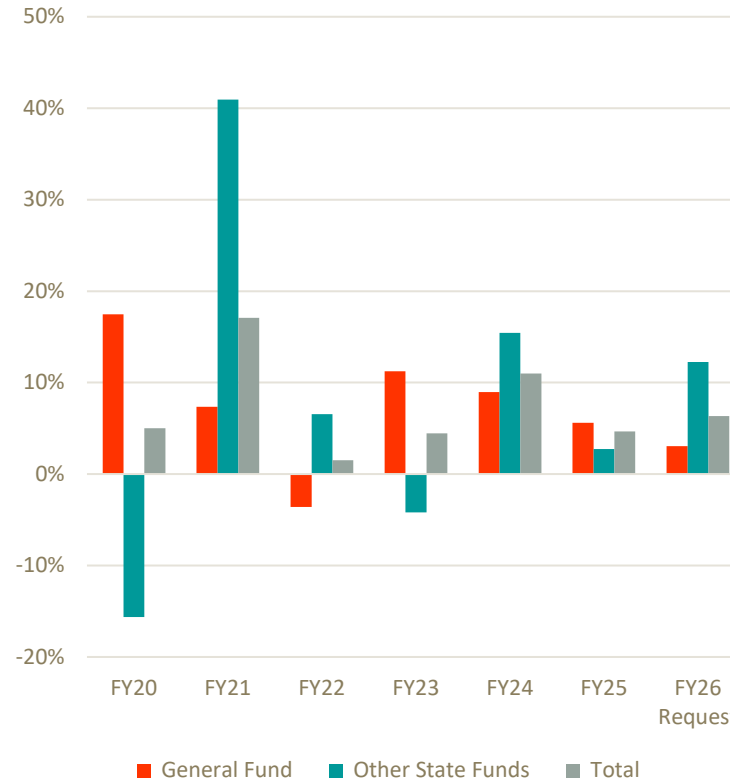
- Modestly reduce budgeted vacancy rates
- Address pay alignment
- Provide necessary resources to safeguard data and systems
- Adequately fund Gentax and Tapestry contractual costs to allow continued revenue processing, data security, and legislative changes
- MVD: \$1.4M increase in Other State Funds for driver's license redesign with enhanced security features; \$1.0M towards mobile driver's license implementation, printing/photo, fingerprint, and facial recognition services – no General Fund impact to complete these initiatives
- Tax Administration, MVD and PTD: Building lease escalation costs totaling \$473.0K
- Special Appropriations
 - \$5.0M implement legislative implementation
 - \$1.0M IT contractual services
- C2 Requests
 - \$5.6M to replace 12-year-old home grown imaging and data capture software that handles paper tax returns
 - \$1.4M to allow MVD to transition to electronic vehicle titling – more secure, efficient and modern
 - \$2.5M for return data analytics solution to reduce return processing time, fraud, errors and optimize Revenue Processing Division workflows

Historical Budget and Reversions

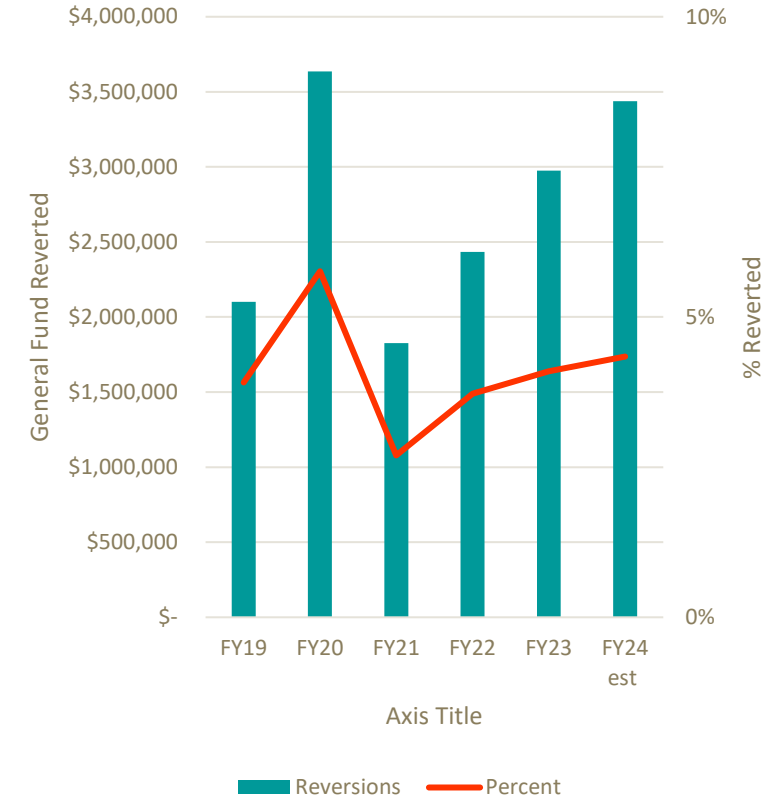
Tax & Rev Recurring General Fund and Other State Funds



Tax & Rev Percent Change Recurring Revenue



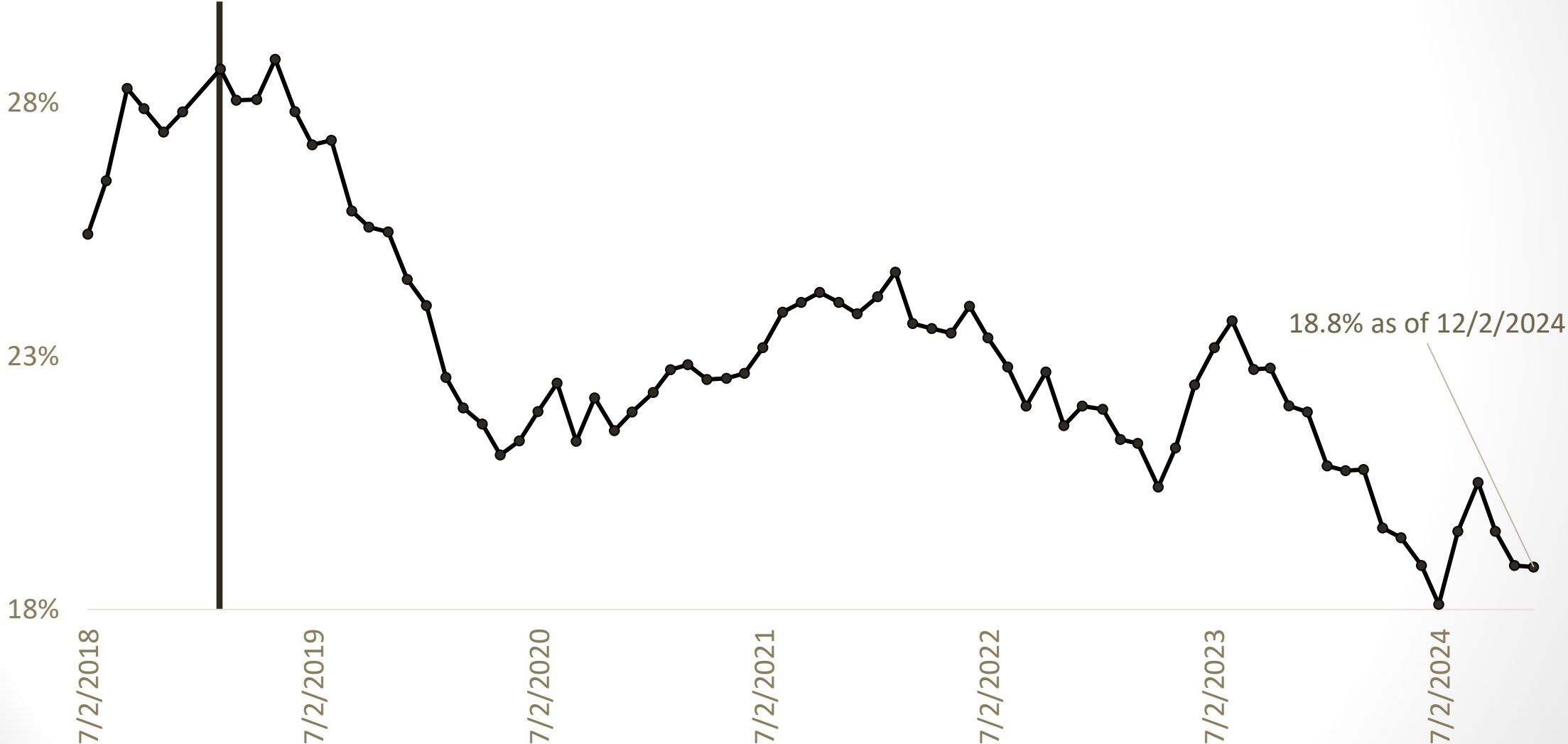
Reversions as a % of General Fund Operating Budget



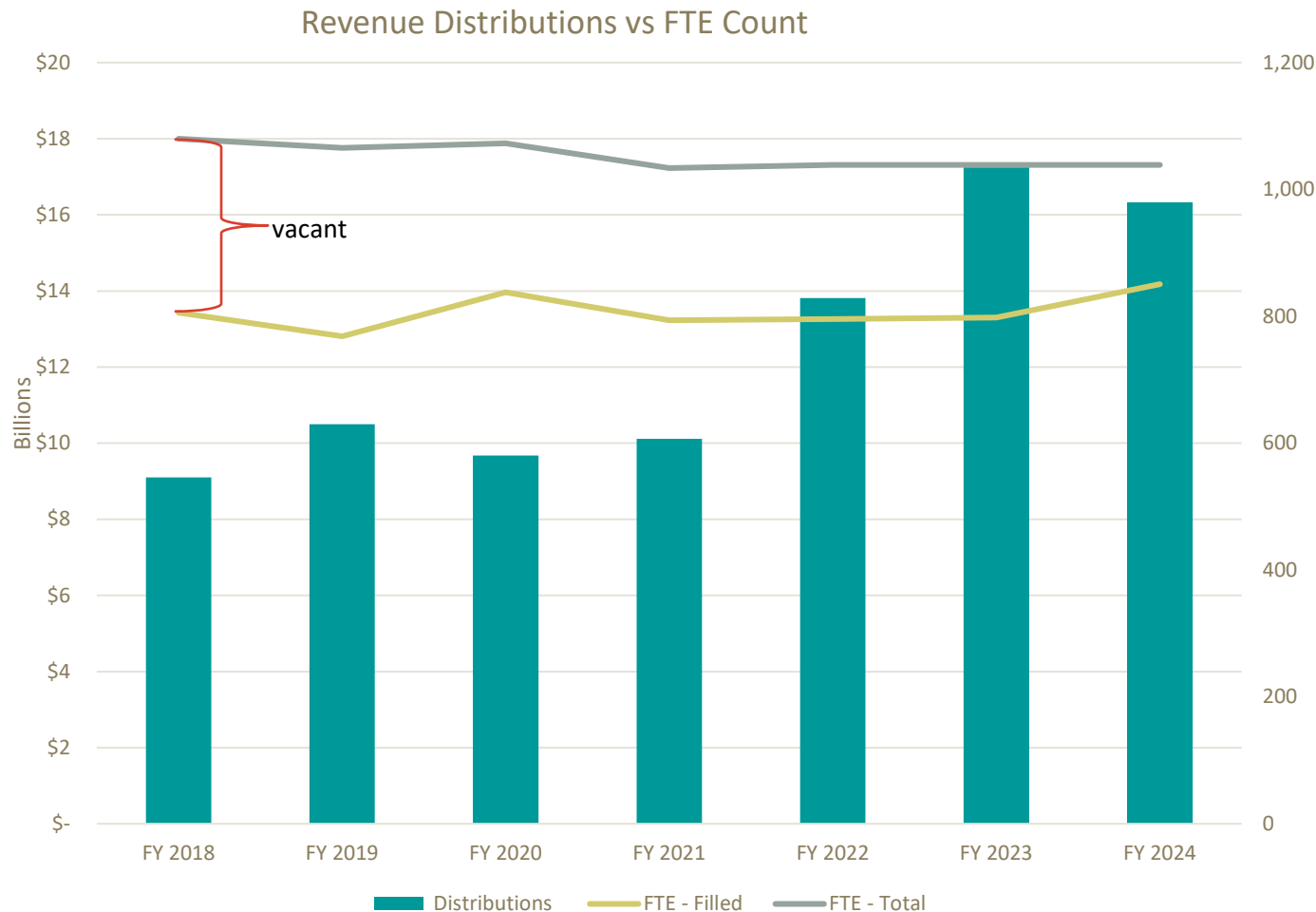
- Budget growth averaged 7.1% from FY20 through FY26 request
- Several new tax programs have been added to tax administration since FY2019 without additional FTE
- Reversions have averaged 4% attributed mainly to vacancies and supply chain issues during COVID period
 - About 43% of Tax & Rev vacancies are filled by internal promotion – creating a new vacancy – but agencies cannot factor that expectation into budget projections for purposes of hiring

Vacancy Rates

TRD Agencywide Vacancy Rate



State revenues and distribution complexity have risen dramatically, Tax & Rev FTE count has fallen



- Several new tax programs and distributions added to Gentax since FY19 increase costs of system maintenance
- IT automation makes it possible
- Customer service delivery is challenged by revenues, tax programs and number of taxpayers outpacing agency growth
 - Call center wait times
 - Refund and return processing bottlenecks

FY26 Tax & Rev Appropriation Request – by P-Code (\$ in 000's)

FY26 DRAFT Appropriation Request by Pcode															
	P572 Program Support			P573 Tax Administration			P574 Motor Vehicle			P575 Property Tax			P579 Compliance Enforcement		
	FY25 OpBud	FY26 Request	% Change Request	FY25 OpBud	FY26 Request	% Change Request	FY25 OpBud	FY26 Request	% Change Request	FY25 OpBud	FY26 Request	% Change Request	FY25 OpBud	FY26 Request	% Change Request
SOURCES:															
General Fund	27,392.4	28,716.4	4.8%	37,141.5	38,023.3	2.4%	16,982.6	16,982.6	0.0%	-	-	0.0%	2,097.1	2,450.6	16.9%
Other Transfers	-	-	0.0%	-	-	0.0%	-	-	0.0%	-	-	0.0%	-	-	0.0%
Federal Revenue	-	-	0.0%	1,860.9	2,149.1	15.5%	689.5	589.5	-14.5%	-	-	0.0%	-	-	0.0%
Other Revenue	939.0	939.0	0.0%	1,155.4	1,190.7	3.1%	37,489.0	36,801.1	-1.8%	6,491.4	7,283.6	12.2%	-	-	0.0%
Fund Balance	-	-	0.0%	-	-	0.0%	-	5,503.1	0.0%	-	-	0.0%	-	-	0.0%
TOTAL	28,331.4	29,655.4	4.7%	40,157.8	41,363.1	3.0%	55,161.1	59,876.3	8.5%	6,491.4	7,283.6	12.2%	2,097.1	2,450.6	16.9%
USES:															
200 - PSEB	17,902.6	18,209.8	1.7%	31,741.8	32,489.6	2.4%	24,014.6	24,052.6	0.2%	3,880.0	4,539.2	17.0%	1,792.1	2,119.3	18.3%
300 - Contracts	7,473.9	8,199.2	9.7%	1,221.7	1,337.7	9.5%	8,657.9	9,374.6	8.3%	1,219.4	1,159.6	-4.9%	9.4	9.4	0.0%
400 - Other	2,954.9	3,246.4	9.9%	7,194.3	7,535.8	4.7%	12,894.1	15,854.6	23.0%	1,392.0	1,584.8	13.8%	295.6	321.9	8.9%
500 - Other Financing Uses	-	-	0.0%	-	-	0.0%	9,594.5	10,594.5	10.4%	-	-	0.0%	-	-	0.0%
TOTAL	28,331.4	29,655.4	4.7%	40,157.8	41,363.1	3.0%	55,161.1	59,876.3	8.5%	6,491.4	7,283.6	12.2%	2,097.1	2,450.6	16.9%
	ASD	IT		ACD	RPD		MVD			PTD			TFID		
FY25 Budgeted Vacancy Rate	17.6%	24.3%		26.4%	22.0%		12.7%			10.3%			23.8%		
FY26 Proposed Vacancy Rate	16.7%	24.3%		25.8%	21.1%		12.4%			5.1%			13.6%		
Reduced Vacancy Rate	0.9%	0.0%		0.6%	0.9%		0.3%			5.2%			10.2%		
FY26 Vacant FTE Number	17	18		88	28		41			0			3		

FTEs:	FY25 OpBud	FY26 Request	Variance
Perm	1,006.66	1,008.66	2.0
Term	29.00	29.00	-
Temp	5.78	5.78	-
	1,041.44	1,043.44	2.0

PTD request for 2.0 FTE Appraiser (Field and In-House) Not GF funded

Thank you!

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