SENATE BILL 5

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 2009

INTRODUCED BY

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AN ACT

RELATING TO REVENUE; REQUIRING THE SECRETARY OF TAXATION AND

REVENUE TO DEVELOP A TAX EXPENDITURE BUDGET; REQUIRING

REPORTING; MAKING AN APPROPRIATION.

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

Section 1. A new section of the Tax Administration Act is

enacted to read:

"[<u>NEW MATERIAL</u>] TAX EXPENDITURE BUDGET--MANDATORY REPORT--

DEADLINE.--

A. No later than October 15 of each year, the

secretary shall compile a tax expenditure budget for the

upcoming fiscal year and present the tax expenditure budget,

including an analysis of tax expenditures, to the governor and

the legislative finance committee. The tax expenditure budget

shall report on tax expenditures with revenue impacts of more

.179644.1

than one million dollars ($1,000,000) in the aggregate for a
specific tax expenditure.

B.   A tax expenditure budget shall detail the
approximate costs in foregone revenue from tax expenditures.
A tax expenditure budget shall:

(1)   include a projection of the costs of tax
expenditures for all significant general fund revenue sources;

(2)   identify each tax expenditure and its
statutory basis, purpose, year of enactment and date of repeal,
if any;

(3)   quantify the revenue lost to the state
from each tax expenditure;

(4)   identify to the extent possible the
beneficiaries of each tax expenditure, including the number of
businesses that used the tax expenditure and the number of
businesses that potentially qualified for but failed to use the
tax expenditure;

(5)   identify unintended consequences of the
tax expenditure that have come to the attention of the
department; and

(6)   provide a total of all of the costs in
each fiscal year for all tax expenditures.

C.   The department is authorized to request from a
state agency or a local government agency official information
necessary to complete the tax expenditure budget required by

.179644.1

this section. An agency or official shall comply with a request made pursuant to this section by the department.

D. As used in this section:

(1) "significant general fund revenue sources" means state taxes, including the gross receipts tax, compensating tax, corporate income tax, personal income tax, tobacco excise tax, liquor excise tax, taxes levied on natural resource production and sale, motor vehicle excise tax, gaming excise tax and other sources of revenue such as rents and royalties, tribal revenue sharing, fire protection fund reversions, premium taxes and the leased vehicle surcharge;

(2) "tax expenditure" means a deduction, credit, exemption, exclusion, preferential tax rate, subtraction or allowance that reduces tax liability when compared with a normal tax system as determined by the secretary; and

(3) "tax expenditure budget" means a compilation of information about New Mexico's tax expenditures that includes data from the three years preceding the current fiscal year, the current fiscal year and the upcoming fiscal year."

Section 2. APPROPRIATION.--One hundred thousand dollars ($100,000) is appropriated from the general fund to the taxation and revenue department in fiscal year 2010 for developing, compiling and presenting the tax expenditure budget. Any unexpended or unencumbered balance remaining at

.179644.1

- 3 -

1 the end of fiscal year 2010 shall revert to the general fund.

2   - 4 -

.179644.1