

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 2/05/19

SPONSOR Candelaria LAST UPDATED 2/13/19 HB _____

SHORT TITLE Admin Hearings & Tax Protest Working Group SJM 7/aSRC

ANALYST Hawker

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0 - \$3.9	\$0.5 - \$9.8		\$0.5 - \$13.7	Nonrecurring	General Fund

Parenthesis () indicate expenditure decreases

SOURCES OF INFORMATION

LFC Files

Responses to Original Joint Memorial Received From
 Administrative Hearings Office (AHO)
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of SRC Amendment

Senate Rules Committee amendment to Senate Joint Memorial 7 deletes the word “representatives” and replaces it with “members”. The administrative hearings and tax protest working group is composed of appointed members.

Synopsis of Original Joint Memorial

Senate Joint Memorial 7 directs the chief hearing officer of the administrative hearings office be requested to convene, by May 1, 2019, an administrative hearings and tax protest working group. The group is to identify issues of primary concern within the administrative hearings and tax protest process and develop solutions to ensure that the administrative hearings office’s mission to adjudicate fair and efficient administrative hearings can be fulfilled.

A report on the working group’s efforts is to be presented to LFC and interim Revenue Stabilization and Tax Policy Committee no later than October 15, 2019.

FISCAL IMPLICATIONS

SJM7 could impact AHO with per diem and miscellaneous other costs, such as printing. AHO estimates the FY19 impact on its budget could be up to \$3.9 thousand. These costs could be absorbed by AHO's current budget.

SIGNIFICANT ISSUES

According to AHO, last year the agency convened a meeting of tax practitioners to address issues in the hearing process and to begin dialogue about a mediation process. The administrative hearings office envisioned this tax practitioner group meeting to be an annual or biannual practice. SJM7 formalizes the structure, with clearly articulated goals and benchmarks identified. The formalization should also have a net benefit of encouraging meaningful participation by more interested stakeholders.

OTHER SUBSTANTIVE ISSUES

The working group does not require, mandate, or include the appointment or attendance of TRD personnel (such as the Secretary, the Chief Legal Counsel, or the manager of the protest office) at meetings of the working group. Since TRD plays a role in every tax protest, input from TRD during the working group sessions would add information to be included in the working group's recommendations.

VKH/gb/sb