



# State of New Mexico

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SECRETARY OF STATE

Susana Martinez  
Governor

April 8, 2011

## HOUSE EXECUTIVE MESSAGE NO. 34

The Honorable Ben Luján and  
Members of the House of Representatives  
State Capitol Building  
Santa Fe, NM 87501

Honorable Speaker Luján and Members of the House:

Pursuant to the Constitution of the State of New Mexico, Article IV, Section 22, I hereby VETO and am returning HOUSE BILL 161, as amended, enacted by the Fiftieth Legislature, First Session, 2011.

As an advocate of increased government transparency, I support the intent of this legislation and I intend to keep the promise I made to New Mexicans that I would conduct a thorough review of all tax credits. I believe that this is best achieved by directing the Taxation and Revenue Department to compile all expenditure information. This is something I will direct the department to do through an executive order. I look forward to reviewing this data with the legislature when it has been analyzed.

Respectfully yours,

Susana Martinez  
Governor

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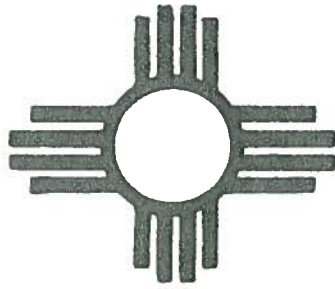
Time: 8:30 a.m. p.m.  
Date: April 8 2011

By Billy Lu  
Secretary of State

HOUSE EXECUTIVE MESSAGE NO. 34  
The Honorable Ben Luján  
April 8, 2011  
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Time: \_\_\_\_\_ a.m. p.m.  
Date: \_\_\_\_\_ 2011

By \_\_\_\_\_  
Chief Clerk of the House



The Legislature  
of the  
State of New Mexico

50th Legislature, 1st Session

LAWS 2011

CHAPTER \_\_\_\_\_

HOUSE BILL 161, as amended

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Introduced by

REPRESENTATIVE ELEANOR CHAVEZ

REPRESENTATIVE MIGUEL P. GARCÍA  
REPRESENTATIVE ERNEST H. CHAVEZ



**VETOED**

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AN ACT

RELATING TO TAXATION; REQUIRING THE SECRETARY OF TAXATION AND REVENUE TO DEVELOP A TAX EXPENDITURE BUDGET; REQUIRING REPORTING.

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:

"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, the interim legislative revenue stabilization and tax policy committee and the legislative finance committee. The tax expenditure budget shall report on tax expenditures with revenue impacts of more than five million dollars (\$5,000,000) 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

1 repeal, if any;

2 (3) quantify the revenue invested by the  
3 state from each tax expenditure;

4 (4) identify the beneficiaries of each tax  
5 expenditure, including the number of businesses that used the  
6 tax expenditure, jobs created and the number of businesses  
7 that potentially qualified for but failed to use the tax  
8 expenditure;

9 (5) identify significant unintended effects  
10 of the tax expenditure that have come to the attention of the  
11 department; and

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

14 C. The department is authorized to request from a  
15 state agency or a local government agency official information  
16 necessary to complete the tax expenditure budget required by  
17 this section. An agency or official shall comply with a  
18 request made pursuant to this section by the department unless  
19 a specific statutory confidentiality provision prohibits doing  
20 so.

21 D. As used in this section:

22 (1) "jobs created" means the net increase of  
23 full-time jobs that exceeds the full-time equivalent of jobs  
24 that existed at the beginning of the reporting period,  
25 provided that the additional jobs can specifically be

1 attributed to use of a tax expenditure, including:

2 (a) the net increase if jobs are  
3 changed from part time to full time;

4 (b) the full-time equivalent of jobs  
5 created that were previously filled by employees on contract;  
6 and

7 (c) new jobs created;

8 (2) "significant general fund revenue  
9 sources" means state taxes, including but not limited to the  
10 gross receipts tax, compensating tax, corporate income tax,  
11 personal income tax, tobacco excise tax, liquor excise tax,  
12 taxes levied on natural resource production and sale, motor  
13 vehicle excise tax, gaming excise tax and other sources of  
14 revenue such as rents and royalties, tribal revenue sharing,  
15 fire protection fund reversions, premium taxes and the leased  
16 vehicle surcharge;

17 (3) "tax expenditure" means a deduction,  
18 credit, exemption, exclusion, rebate, offset, preferential tax  
19 rate, subtraction or allowance or related tax structure that  
20 reduces tax liability when compared with a normal tax system  
21 as determined by the secretary; and

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

1 year."

2 SECTION 2. A new section of the Tax Administration Act  
3 is enacted to read:

4 "DEDICATED REVENUE BUDGET--MANDATORY REPORT--DEADLINE.--

5 A. No later than October 15 of each year, the  
6 secretary shall compile a dedicated revenue budget for the  
7 upcoming fiscal year and present the dedicated revenue budget,  
8 including an analysis of expenditures, to the governor, the  
9 interim legislative revenue stabilization and tax policy  
10 committee and the legislative finance committee. The  
11 dedicated revenue budget shall report on dedicated annual  
12 revenues of five hundred thousand dollars (\$500,000) or more  
13 in the aggregate for a specific dedicated revenue beneficiary.

14 B. A dedicated revenue budget shall detail the  
15 approximate projected dedicated revenue forgone for the  
16 following fiscal year to the general fund. A dedicated  
17 revenue budget shall:

18 (1) identify each dedicated revenue and its  
19 statutory basis, purpose, year of enactment and date of  
20 repeal, if any;

21 (2) identify the beneficiaries of each  
22 dedicated revenue, including the uses of the dedicated  
23 revenue;

24 (3) identify the outcomes resulting from the  
25 expenditure of dedicated revenue, if any or quantifiable;

1 (4) identify significant unintended effects  
2 of the dedicated revenue that have come to the attention of  
3 the department; and

4 (5) provide a total of all of the  
5 collections and appropriations in each fiscal year for all  
6 dedicated revenue.

7 C. The department is authorized to request from a  
8 state agency or a local government agency official information  
9 necessary to complete the dedicated revenue budget required by  
10 this section. An agency or official shall comply with a  
11 request made pursuant to this section by the department unless  
12 a specific statutory confidentiality provision prohibits doing  
13 so.

14 D. As used in this section, "dedicated revenue"  
15 means income derived by the state from taxes, assessments,  
16 penalties or fees that are earmarked or dedicated to a  
17 specific fund, program or agency."

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S/ BEN LUJAN  
BEN LUJAN, SPEAKER  
HOUSE OF REPRESENTATIVES

S/ STEPHEN R. ARIAS  
STEPHEN R. ARIAS, CHIEF CLERK  
HOUSE OF REPRESENTATIVES

S/ JOHN A. SANCHEZ  
JOHN A. SANCHEZ, PRESIDENT  
SENATE

S/ LENORE M. NARANJO  
LENORE M. NARANJO, CHIEF CLERK  
SENATE

Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2011

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SUSANA MARTINEZ, GOVERNOR  
STATE OF NEW MEXICO

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