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State of New Mexico  
April 8, 2011

Susana Martinez  
Governor

SENATE EXECUTIVE MESSAGE NO. 48

The Honorable Timothy Z. Jennings, President Pro Tempore  
And Members of the New Mexico State Senate  
State Capitol Building  
Santa Fe, New Mexico 87501

Dear President Pro Tempore Jennings and Members of the Senate:

Pursuant to the Constitution of the State of New Mexico, Article IV, Section 22, I hereby VETO and am returning SENATE FINANCE COMMITTEE SUBSTITUTE FOR SENATE BILL 47 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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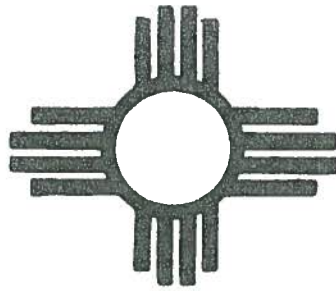
Time: 8:43 am p.m.  
Date: April 8 2011

By Betty U  
Secretary of State

SENATE EXECUTIVE MESSAGE NO. 48  
The Honorable Timothy Z. Jennings  
April 8, 2011  
Page 2

Time: \_\_\_\_\_ a.m. p.m.  
Date: \_\_\_\_\_ 2011

By \_\_\_\_\_  
Chief Clerk of the Senate



The Legislature  
of the  
State of New Mexico

50th Legislature, 1st Session

LAWS 2011

CHAPTER \_\_\_\_\_

SENATE FINANCE COMMITTEE SUBSTITUTE FOR

SENATE BILL 47

Introduced by

**VETOED**



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AN ACT

RELATING TO TAXATION; REQUIRING THE SECRETARY OF TAXATION AND REVENUE TO DEVELOP A TAX EXPENDITURE BUDGET AND A DEDICATED REVENUE 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, in cooperation with the secretary of economic development, 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 legislative interim 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 hundred thousand dollars (\$500,000) 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;

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

4                   (3) quantify the revenue expended by the  
5 state from each tax expenditure;

6                   (4) identify the aggregate amount of each  
7 tax expenditure and the number of businesses that used the  
8 tax expenditure;

9                   (5) identify unexpected effects of the tax  
10 expenditure that were not within the original expected  
11 outcomes of the tax expenditure that have come to the  
12 attention of the department;

13                   (6) provide a total of all of the costs in  
14 each fiscal year for all tax expenditures; and

15                   (7) include an estimate of jobs created and  
16 the number of businesses that potentially qualified for but  
17 failed to apply for a tax expenditure from reports provided  
18 by the economic development department.

19                   C. The economic development department shall  
20 estimate the jobs created and the number of businesses that  
21 potentially qualified for but failed to apply for a tax  
22 expenditure and shall report those projections to the  
23 taxation and revenue department. Unless specifically  
24 prohibited by another section of law:

25                   (1) the taxation and revenue department

1 shall provide the economic development department with the  
2 aggregate information of taxpayers who benefit from a tax  
3 expenditure;

4 (2) taxpayers who are allowed tax  
5 expenditures by state law shall provide information as  
6 requested by the taxation and revenue department or the  
7 economic development department for purposes of analyzing tax  
8 expenditures and reporting to the legislature on the value,  
9 benefit and use of those tax expenditures, as required by  
10 this section or Section 9-15-56 NMSA 1978; and

11 (3) the taxation and revenue department and  
12 the economic development department are authorized to request  
13 from a state agency or a local government agency official  
14 information necessary to complete the tax expenditure budget  
15 required by this section, and an agency or official shall  
16 comply with a request made pursuant to this section by either  
17 department.

18 D. As used in this section:

19 (1) "jobs created" means the net increase of  
20 full-time jobs that exceeds the full-time equivalent of jobs  
21 that existed at the beginning of the reporting period,  
22 provided that the additional jobs can specifically be  
23 attributed to use of a tax expenditure, including:

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

1 (b) the full-time equivalent of jobs  
2 created that were previously filled by employees on contract;  
3 and

4 (c) new jobs created;

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

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

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

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

1 "DEDICATED REVENUE BUDGET--MANDATORY REPORT--  
2 DEADLINE.--

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

13 B. A dedicated revenue budget shall detail the  
14 approximate projected dedicated revenue for the following  
15 fiscal year that will be unavailable to the general fund.

16 A dedicated revenue budget shall:

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

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

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

25 (4) identify significant unintended effects



1 of the dedicated revenue that have come to the attention of  
2 the department; and

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

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

12 D. As used in this section, "dedicated revenue"  
13 means an expenditure of a tax or fee that is dedicated to a  
14 specific program or purpose, as defined by constitution or  
15 statute."

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ORIGINAL FILED  
SFC/SB 47 0-01  
DEC 1 1999

s/John A. Sanchez  
John A. Sanchez, President  
Senate

s/Lenore M. Naranjo  
Lenore M. Naranjo, Chief Clerk  
Senate

s/Ben Lujan  
Ben Lujan, Speaker  
House of Representatives

s/Stephen R. Arias  
Stephen R. Arias, Chief Clerk  
House of Representatives

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

s/Governor Susana Martinez  
Governor Susana Martinez  
State of New Mexico

2011 MAY 28 04:30:01

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