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December 6, 2024

Tax and Rev seeks funding to improve security, customer service *\$86 million budget request would be a 3% increase*

SANTA FE—The Taxation and Revenue Department is asking the New Mexico Legislature to approve an \$86 million General Fund budget that includes one-time funding to improve security and services for tax and motor vehicle customers.

Among the key initiatives are funding for transitioning to electronic vehicle titling, upgrades for imaging and data capture for tax returns filed on paper and data analytics to reduce tax return processing time and to catch errors and attempted fraud. The budget request also includes funds to modestly reduce staff vacancies in positions that directly benefit customers.

The department's General Fund request for Fiscal Year 2026 is about 3% larger than the current year budget.

"Taxation and Revenue has made great strides with innovations to better serve taxpayers and the state of New Mexico over the past several years. Adequate funding will ensure that we continue to improve our security and our customer service," said Taxation and Revenue Secretary Stephanie Schardin Clarke.

Key one-time funding requests include:

- \$5.6 million to upgrade imaging and data capture for paper returns. Paper returns are a small proportion of the total processed but have an error rate of 38%.
- \$1.4 million to replace paper-based vehicle titling with electronic titling. Electronic titling is more efficient and secure for both customers and the Motor Vehicle Division.
- \$2.5 million to upgrade data analytics for tax returns to reduce processing time, fraud and errors.

Another priority in the budget is reducing the Department's vacancy rate in positions that directly benefit customers and resources to safeguard data and systems from cyberattacks.

Revenue processed by the department has grown substantially in recent years, from about \$10 billion in FY 2019 to about \$20 billion in FY 24, without a corresponding increase in staff. Adequate resources are crucial for the department's ability to quickly and securely process returns and distributions and to provide excellent customer service.

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The Taxation and Revenue Department serves the State of New Mexico by providing fair and efficient tax and motor vehicle services. It administers more than 35 tax programs and distributes revenue to the State and to local and tribal governments throughout New Mexico.

The Department strives to reduce taxpayer burden through clearer communication, statutes, regulations, forms, correspondence and instructions.

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