

Timothy M. Keller
State Auditor



Sanjay Bhakta, CPA, CGFM, CFE, CGMA
Deputy State Auditor

State of New Mexico
OFFICE OF THE STATE AUDITOR

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Contact: Justine Freeman
505-476-3819

Auditor Keller Releases Transparency Report on New Mexico's Tax Policy Choices
State gave over \$1 billion worth of tax breaks last year without comprehensive reporting

SANTA FE, NM – Today, State Auditor Tim Keller released a report shining a light on New Mexico's tax policy choices. The Office of the State Auditor (OSA) tallied more than \$1 billion in tax breaks, with helpful collaboration from the Taxation and Revenue Department (TRD). The OSA report contains a broader array of tax breaks than what is included in the annual TRD tax expenditure report.

"Last year, we gave over \$1 billion in tax revenue to different types of tax breaks with little reporting to determine whether they are helping to create jobs and strengthen our economy," stated Keller. "Bringing transparency to the return on investment is key to making informed tax policy choices that help our state."

The OSA report finds the following:

- Gross receipts taxes make up one-quarter of the state's tax breaks. Comprehensive tax reform should include an assessment of all exemptions to all types of taxes, including those given to the extractive industry.
- Of 180 tax breaks the OSA identified, 23 of them have no data available. Lack of transparency on tax breaks stems in part from the Taxpayer Protection Act. For example, information on large tax breaks in the uranium industry is confidential because fewer than three companies use the tax breaks.
- The OSA recommends that, in addition to the current effort to develop a model for changes to the tax code, the New Mexico Legislature conduct an in-depth examination of tax programs and their relative returns on investment.

The OSA also released a guide for local governments on how to use new audit data to measure the costs, benefits and return on investment of local tax abatements. Comprehensive data on local tax breaks will become available for the first time in 2017 audits because of a new accounting standard known as GASB 77. New data will include the amount of taxes that companies do not pay through programs like industrial revenue bonds (IRBs) and tax increment development districts (TIDDs). New Mexico is leading the nation in GASB 77 implementation by requiring detailed, electronic data that will be available to the public online.

The Transparency Report on Understanding Tax Choices is available here:
https://www.saonm.org/media/uploads/Tax_Ex_Transparency_Report.pdf.

The Office of the State Auditor helps government work better by providing transparency and accountability for government spending; informing policy choices; and tackling fraud, waste and abuse. OSA is an independently elected executive agency responsible for examining the use of public dollars in New Mexico.