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FISCAL IMPACT REPORT

SPONSOR Martinez **DATE TYPED** 2/17/2004 **HB** 126/aHJC/aHFI#1

SHORT TITLE Ignition Interlocks on New & Used Cars **SB** _____

ANALYST Valenzuela

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|----------------------|---------------|
| FY04 | FY05 | FY04 | FY05 | | |
| | | See Fiscal Implications | | | |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|------|-------------------------|----------------------|---|
| FY04 | FY05 | | | |
| | | FY08: \$1.96 million | Recurring | Motor Vehicle Excise Tax (General Fund) |
| | | FY09: \$8.26 million | Recurring | Motor Vehicle Excise Tax (General Fund) |
| | | FY09: \$16.51 million | Recurring | Motor Vehicle Excise Tax (General Fund) |

(Parenthesis () Indicate Revenue Decreases)

FY08 will reflect only new car purchases for half the fiscal year
 FY09 will reflect one full year new car purchases and half year for used car purchases
 FY10 will reflect full new and used car purchases

Relates to HB533, which provides for a tax credit of the cost of the interlock device against the motor vehicle excise tax paid on motor vehicles (3%). Given the numbers of cars sold, the loss to the general fund would be \$83.9 million.

Relates to SB380, which combines the provisions of this bill with HB533 (tax credit) and HB534 (appropriation to NMDOT for staff to implement rules). Revenue loss to general fund is \$83.9 million, which represents the impact of the tax credit.

SOURCES OF INFORMATION

Department of Public Safety
 Department of Transportation
 Public Defenders

SUMMARY

Synopsis of HFI Amendment #1

The House Floor Amendment #1 to the amended House Bill 126 substitutes the definition for motor vehicle to include motorcycles, school buses and commercial motor vehicles.

Synopsis of the HJC amendment

The House Judiciary Committee Amendment to House Bill 126 requires the motor vehicle owner, when registering the vehicle, to verify an ignition interlock device has been installed. Another addition is the Traffic Safety Bureau of the New Mexico Department of Transportation shall promulgate rules for installation of ignition interlock devices in motor vehicles.

Synopsis of Original Bill

House Bill 126 requires all new or used motor vehicles offered for sale in New Mexico to be equipped with an ignition interlock device by January 1, 2008 (new) and January 1, 2009 (used). The bill defines motor vehicle as less than 10,000 pounds.

FISCAL IMPLICATIONS

House Bill 126 would have both an economic impact on purchasers of motor vehicles through an increased purchase price and a fiscal impact on the general fund from the incremental motor vehicle excise tax on the increased purchase price.

The calculations in this FIR are based on the following assumptions:

- The Taxation and Revenue Department reports the following information: during calendar 2003, approximately 125 thousand new cars and roughly 400 thousand used cars were sold throughout New Mexico.
- An average cost of ignition interlock is \$1,050/vehicle given the following estimates: the Department of Public Safety reports that purchase and installation of an interlock device would cost approximately \$600/vehicle. The General Services Department estimates purchase and installation cost of \$1,500/vehicle.

Estimates are below:

| | TRD Info <u>2003</u> | Economic Impact <u>@ 1,050/vehicle</u> | Fiscal Impact <u>3% of car sales</u> |
|----------------|-------------------------|---|---|
| New Cars Sold | 124,247 | \$ 130.5 million | \$ 3.92 million |
| Used Cars Sold | 399,596 | \$ 419.6 million | \$ 12.59 million |

Clearly, more accurate economic and fiscal impacts would be based on how this legislation is implemented, particularly for used motor vehicles.

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State agencies will be impacted by HB126. The General Services Department reports that it owns more than 1,900 vehicles in its fleet. Based on a 15 percent annual replacement, GSF would incur a cost of \$300 thousand dollars to put these devices in state vehicles. Other state agencies, not included in the GSD fleet report:

- DPS replaces almost 200 vehicles annually, cost \$210 thousand
- Department of Transportation replaces almost 300 vehicles annually, cost \$315 thousand.

POSSIBLE QUESTIONS

Will a seller of a used vehicle be required to install the device before being allowed to sell the vehicle?

MFV/yr:dm