

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 01/26/09
 LAST UPDATED 03/16/09 **HB** 12/aHTPWC/aHTPWC

SPONSOR Taylor

SHORT TITLE Alternative Vehicle Registrations **SB** _____

ANALYST Lucero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	\$0	\$0	Recurring	Sate Road Fund
	\$0	\$0	Recurring	County and Municipal
	(\$457.7)	(\$457.7)	Recurring	MVD Fees

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		(\$0.01)	(\$0.01)	(\$0.03)	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
 New Mexico Department of Transportation (NMDOT)

SUMMARY

Synopsis of HTPWC Amendment #2

The House Transportation and Public Works Committee (HTPWC) amendment # 2 to House Bill 12 deletes HTPWC Amendment #1 and the original bill in its entirety.

The amendment proposes to amend Section 66-2-7.2 NMSA 1978 to appropriate royalties collected from commercial users of motor vehicle databases to the department with a non-reverting provision. It also provides that monies collected and appropriated to the department pursuant to Sections 66-2-16(E), 66-5-44(C), and 66-5-408(B) NMSA 1978 shall not revert.

However, amounts collected pursuant to Section 66-6-6.1 NMSA 1978 is also amended to provide that fees collected and appropriated to the department for enforcing the Mandatory Financial Responsibility Act (MFRA) and creating and maintaining a multi-language noncommercial driver's license testing program shall after those purposes are met, be used to defray the costs of operating the Motor Vehicle Division and shall not revert.

Synopsis of HTPWC Amendment #1

The House Transportation and Public Works Committee (HTPWC) amendment #1 to House Bill 12 adds a new subsection (F) and makes an appropriation:

No later than January 31 of each year, the secretary shall determine the amount of the total reduction in registration fees that resulted from renewals by internet or telephone in the previous calendar year. The secretary may request approval from the department of finance and administration to transfer an amount no greater than that total reduction in registration fees determined by the secretary, by March 1 of each year, to the motor vehicle suspense fund from the balances in the department's non-reverting other state funds. The balances in funds are appropriated to the department for the purpose of distributing an amount of no more than the reduction in registration fees determined by the secretary to the state road fund, municipalities and counties pursuant to Section 66-6-23.1 NMSA 1978.

Synopsis of Original Bill

House Bill 12 proposes to amend Section 66-6-13 NMSA 1978, Motor Vehicle Code, to provide a five percent discount if an owner of a vehicle renews the registration of the vehicle by internet or telephone. The bill allows the secretary of the Taxation and Revenue Department (TRD) to establish by rule requirements for, or limitations on, renewal by internet or telephone.

FISCAL IMPLICATIONS

The HTPWC amendment #2 appropriates royalties collected from commercial users of motor vehicle databases to TRD with a non-reverting provision. It also provides that monies collected and appropriated to the department pursuant to Sections 66-2-16(E), 66-5-44(C) and 66-5-408(B) NMSA 1978 shall not revert.

Additionally, HTPWC amendment #2 amends Section 66-6-6.1 NMSA 1978 to provide that fees collected and appropriated to the department for enforcing shall be used for specified purposes then may be used to defray the cost of operating MVD and any balances remaining shall not revert.

According to TRD, there are no legal issues with the new HTPWC amendments. It allows MVD to keep fees, have those monies be non-reverting and it also ensures that monies to the State Road Fund are not decreased.

The HTPWC amendment #1 allows for an annual transfer (at the request of the Secretary of TRD and with approval from the DFA), equal to the prior year's reduction in registration fees that results from Internet or telephone renewals, from TRD's non-reverting other state funds to the Motor Vehicle Suspense Fund, and appropriates those balances to the department so that the State Road Fund, municipalities and counties would not be adversely impacted by the five percent discount.

The Taxation and Revenue Department (TRD) notes that the Fiscal Impact Assumptions (based on actual calendar year 2008 web registrations and actual IVR telephone registration for the first six months of FY2009) of the HTPWC amendment include:

$$\begin{aligned} & (127,626 \text{ annual web-based registrations} \times \$64.61 \text{ average cost per transaction}) \times .05 \\ & \text{discount} = \$412.3 \\ & (14,040 \text{ telephone/IVR registrations} \times \$64.61 \text{ average cost per transaction}) \times .05 \\ & \text{discount} = \underline{45.4} \\ & = \$457.7 \text{ Total registration fee discount} \end{aligned}$$

Revenue losses (held harmless by the amendment) were allocated 74.65% to State Road Fund and 25.35% to County and Municipal Governments pursuant to the revenue distributions under Section 66-6-23.1 NMSA 1978. HB12a/HTPWC would distribute from TRD's non-reverting funds (presumably MVD fees) to make whole the loss of \$341.7 to the State Road Fund and \$116.0 to the Muni/County Local Fund.

The Motor Vehicle Division (MVD) anticipates that Internet web-based and telephone/IVR vehicle registration renewals will increase as a result of this bill's passage. MVD estimates an additional incremental revenue loss of (\$3.2) thousand for every 1,000 additional transactions taking advantage of the 5% discount – (\$2.4) thousand Road Fund and (\$0.8) thousand to counties and municipalities. This has not been included in the fiscal impact, because it is difficult to estimate.

According to TRD, the fiscal impact assumptions in the original bill (based on actual calendar year 2008 web registrations and actual IVR telephone registration for the first six months of FY2009):

- 127,626 annual web-based registrations multiplied by \$64.61 average cost per transaction multiplied by 5 percent discount equals \$412.3 thousand.
- 14,040 telephone/IVR registrations multiplied by \$64.61 average cost per transaction multiplied by 5 percent discount equals \$45.4 thousand.
- Total estimated registration fee discount \$457.7

Subsequent fiscal year impact is grown by the long-term rate of growth in vehicle registration fees (1.5 percent).

Revenue loss is allocated 74.65 percent to the State Road Fund and 25.35 percent to the County and Municipal Governments pursuant to the revenue distributions under Section 66-6-23.1 NMSA 1978.

The Motor Vehicle Division (MVD) anticipates that Internet web-based and telephone/IVR vehicle registration renewals will increase as a result of this bill's passage. MVD estimates an additional incremental revenue loss of \$3.2 thousand for every 1,000 additional transactions taking advantage of the 5 percent discount – which is allocated as a reduction of \$2.4 thousand to the Road Fund and \$0.8 thousand to counties and municipalities.

The estimated additional operating budget impact would be savings associated with a reduced number of walk-in traffic at motor vehicle offices should the cost of internet or telephone renewals become cheaper than in-person transactions.

SIGNIFICANT ISSUES

The HTPWC amendment would offset an savings to TRD for renewing with a credit card on the internet.

Currently, customers who pay with a credit card are charged an additional service fee and often these are internet or telephone customers. Transacting renewals over the internet would presumably reduce the number of walk-in field office traffic and thus should save the department staff time.

The 5 percent discount proposed in this bill would seem to offset the additional charges to the customer and make the renewal the same or cheaper as an in-person renewal.

PERFORMANCE IMPLICATIONS

If the number of in-person registration renewals were to decrease, the performance measure which measures the wait time in field offices could improve.

ADMINISTRATIVE IMPLICATIONS

It would be more effective and less severe of an impact technically to give the discount strictly to internet renewals. The web changes can be done in-house. The cost of changing the interactive voice response (IVR) system would be in the thousands of dollars. It would mean more time from our IT division to address the program change and actually implement it to communicate with the IVR.

RELATIONSHIP

Relates to HB149 “Alternate Driver's License Renewal”
Relates to Appropriation in the General Appropriation Act

TECHNICAL ISSUES

The customers who do not renew by phone or internet may want the same discount.

DL/mt:svb