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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Shendo</u>	<b>LAST UPDATED</b> <u>2/21/23</u>
	<b>ORIGINAL DATE</b> <u>2/7/23</u>
<b>SHORT TITLE</b> <u>Motorcycle Registration Fee &amp; Fund</u>	<b>BILL NUMBER</b> <u>Senate Bill 396/aSFC</u>
	<b>ANALYST</b> <u>Toal/Anderson</u>

### REVENUE\* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
	\$327.6	\$327.6	Recurring	Motorcycle Training Fund

Parentheses ( ) indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	\$17.8				Nonrecurring	TRD Operating

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

Department of Transportation (NMDOT)

Tax and Revenue Department (TRD)

## SUMMARY

### Synopsis of SFC Amendment to Senate Bill 396

The Senate Finance Committee amendment to Senate Bill 396 adds an effective date of July 1, 2023.

### Synopsis of Original Bill

Senate Bill 396 (SB396) amends 66-6-1 NMSA 1978 to increase the registration fee for two- and three-wheeled motorcycles from \$15 to \$20. The bill provides that, of the money in the motor vehicle suspense fund, the amount to the motorcycle training fund of the NMDOT would be increased from the current \$2 per registration to \$7 per registration.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

## **FISCAL IMPLICATIONS**

NMDOT reports that 56,790 registered motorcycles were registered in the state in FY22. TRD multiplied the current number of registrations by \$5 to arrive at the estimated increased revenue of \$327.6 thousand from the higher registration fees. Those fees would be deposited in the motor vehicle suspense fund and then transferred to the motorcycle training fund, resulting in revenue impact to the training fund.

TRD estimates the time to develop, test, and implement the changes called for in the bill would be approximately 320 for an estimated \$17.8 thousand staff workload cost. This would be a one-time cost.

The bill would increase funds to the NMDOT's motorcycle training fund significantly. NMDOT has noted that the current funding level does not cover the costs of the training program:

At present, the fund is not sufficient to cover the training provided. Over the past five (5) years, motorcycle revenue collections have averaged approximately \$120 thousand per year; however, the cost and expenditures in administering the training exceeded all revenues over that same five-year period.

NMDOT further noted that expenditures to run the motorcycle training program in FY 22 totaled \$195,355. NMDOT used other state and federal funding to cover the shortfall.

## **SIGNIFICANT ISSUES**

NMDOT has used the motorcycle training fund to train 4,874 motorcycle riders over the past five years. The fee increase will allow DOT to provide additional training, upgrade training equipment, and increase public awareness education for riders and drivers.

## **ADMINISTRATIVE IMPLICATIONS**

The SFC amendment to the bill addresses a concern raised by both TRD and NMDOT that the effective date should be July 1. The agencies said changing fees in the middle of month presented administrative and accounting challenges.

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