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## FISCAL IMPACT REPORT

SPONSOR: Beam DATE TYPED: 3/18/03 HB 584/aHTC/aHJC

SHORT TITLE: Local Option Tax to Fund Rail System SB \_\_\_\_\_

ANALYST: Reynolds-Forte

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	Indeterminate (see fiscal implications below)		Recurring	Local Government Funds
	Indeterminate		Recurring	MVD Adm Fee

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to SB 34 and HB102, which creates the regional transit districts, and to SB420 which creates a local option vehicle gross receipts tax to finance regional transit systems and to SB666.

### SOURCES OF INFORMATION

Responses Received From  
 Taxation and Revenue Department  
 Highway and Transportation Department  
 Energy Minerals and Natural Resources Department

### SUMMARY

#### Technical Issue Correction

House Bill 584/aHTC/aHJC appears to conflict with Section 66-6-25 NMSA 1978 which states that *“No county or municipality shall require registration or charge fees for any vehicle subject to registration under the Motor Vehicle Code [66-1-1 NMSA 1978.”* Section 66-6-25 should probably be brought into the bill and amended as appropriate.

#### Synopsis of HJC Amendment

The House Judiciary Committee amendment to HB 584 strikes the House Transportation Committee amendments.

The House Judiciary Committee amendment also adds language that requires an elec-

tion/referendum prior to imposing the \$25.00 vehicle registration fee for public transit and light rail.

The amendment also changes the definition of the vehicles upon which the fee shall be imposed to “vehicles with a gross vehicle weight of less than twelve thousand pounds; provided that the fee shall not be imposed on motorcycles or manufactured homes or on vehicles that come within the definition of “vehicle” in the Leased Vehicle Gross Receipts Tax Act.”

Fiscal Implications of the HJC Amendment

The HJC amendment changes the definition of vehicles to include small trucks, which increases the number of vehicles which will pay the fee, and thus increases the revenues each county would collect. The State Highway and Transportation Department has provided the following chart showing revenues by county related to imposition of the \$25.00 fee based on the HJC amendment:

A \$25 fee imposed county-wide would raise approximately the following amount of revenue per year (based on year 2001 registration statistics – *amounts in thousands of dollars*):

Bernalillo	10,282.0	Harding	25.0	Roosevelt	367.0
Catron	104.0	Hidalgo	115.0	San Juan	2,364.0
Chaves	1,225.0	Lea	1,214.0	San Miguel	572.0
Cibola	471.0	Lincoln	507.0	Sandoval	1,860.0
Colfax	353.0	Los Alamos	464.0	Santa Fe	3,050.0
Curry	931.0	Luna	534.0	Sierra	334.0
De Baca	57.0	McKinley	1,037.0	Socorro	327.0
Dona Ana	3,454.0	Mora	115.0	Taos	731.0
Eddy	1,139.0	Otero	1,217.0	Torrance	363.0
Grant	695.0	Quay	240.0	Union	101.0
Guadalupe	99.0	Rio Arriba	968.0	Valencia	1,551.0

The total number of applicable vehicles registered in 2001 was 1,474,607 statewide. The total revenue from a statewide imposition of the \$25 fee would be about \$36,865.0.

Synopsis of HTC Amendment

The House Transportation Committee amendment changes the definition of the vehicles upon which the fee shall be imposed to vehicles with a gross vehicle weight of less than twelve thousand pounds, and provides that the fee shall not be imposed on motorcycles or manufactured homes. This amendment now includes small trucks, used like a passenger vehicle, as subject to the fee.

Fiscal Implications of the HTC Amendment

By changing the definition of vehicles to include small trucks, the number of vehicles that will pay the fee increases, and thus the revenues each county would collect increases. The State Highway and Transportation Department has provided the following chart showing revenues by county related to imposition of the \$25.00 fee based on the HTC amendment:

A \$25 fee imposed county-wide would raise approximately the following amount of revenue per year (based on year 2001 registration statistics – *amounts in thousands of dollars*):

Bernalillo	10,282.0	Harding	25.0	Roosevelt	367.0
Catron	104.0	Hidalgo	115.0	San Juan	2,364.0
Chaves	1,225.0	Lea	1,214.0	San Miguel	572.0
Cibola	471.0	Lincoln	507.0	Sandoval	1,860.0
Colfax	353.0	Los Alamos	464.0	Santa Fe	3,050.0
Curry	931.0	Luna	534.0	Sierra	334.0
De Baca	57.0	McKinley	1,037.0	Socorro	327.0
Dona Ana	3,454.0	Mora	115.0	Taos	731.0
Eddy	1,139.0	Otero	1,217.0	Torrance	363.0
Grant	695.0	Quay	240.0	Union	101.0
Guadalupe	99.0	Rio Arriba	968.0	Valencia	1,551.0

The total number of applicable vehicles registered in 2001 was 1,474,607 statewide. The total revenue from a statewide imposition of the \$25 fee would be about \$36,865.0.

Synopsis of Original Bill

HB584 creates a new local option motor vehicle registration fee of up to \$25.00 per year on motor vehicles other than motorcycles, trucks, buses and tractors. Revenue from the local option fee is to be used for management, planning, design, construction, acquisition, or operation of a public transit or light rail system. The fee may be imposed by county or municipal governments, and is based on the address of the registered owner as recorded by the department.

A county-imposed fee would only apply to vehicles belonging to taxpayers residing in unincorporated areas of the county. However, a county may enter into a joint powers agreement with one or more municipalities authorizing countywide imposition and distribution of fees for joint transit purposes. The fee is to be collected by the Motor Vehicle Division (MVD). MVD is authorized to retain a 3% administrative charge to defray the costs of collecting the local option fee.

**FISCAL IMPLICATIONS**

HB584 allows counties and municipalities to impose a local option motor vehicle registration fee of up to \$25.00 per year. The amount of revenues which will be received from this fee will be dependent upon the number of communities who impose it and the amount of fee the community chooses to impose. Each community has the choice to impose the flat \$25.00 per vehicle fee or to base rates on a vehicle weight.

The Taxation and Revenue Department has provided the following chart which shows by county the value of a countywide \$25.00 fee.

<b>Countywide \$25.00 Imposition of Local Option Registration Fee Illustration at 2001 County Registration Levels</b>					
<b>Bernalillo</b>	\$6,765,225	<b>Harding</b>	9,150	<b>Roosevelt</b>	202,575
<b>Catron</b>	32,700	<b>Hidalgo</b>	53,025	<b>San Juan</b>	1,190,025
<b>Chaves</b>	702,875	<b>Lea</b>	639,625	<b>San Miguel</b>	322,575
<b>Cibola</b>	249,200	<b>Lincoln</b>	287,025	<b>Sandoval</b>	1,142,900
<b>Colfax</b>	197,325	<b>Los Alamos</b>	306,875	<b>Santa Fe</b>	1,937,775
<b>Curry</b>	587,900	<b>Luna</b>	279,425	<b>Sierra</b>	164,775
<b>De Baca</b>	25,000	<b>McKinley</b>	530,050	<b>Socorro</b>	172,450
<b>Dona Ana</b>	2,103,675	<b>Mora</b>	54,575	<b>Taos</b>	421,850
<b>Eddy</b>	620,600	<b>Otero</b>	724,825	<b>Torrance</b>	174,975
<b>Grant</b>	345,000	<b>Quay</b>	115,000	<b>Union</b>	44,100
<b>Guadalupe</b>	45,575	<b>Rio Arriba</b>	537,675	<b>Valencia</b>	863,625

**ADMINISTRATIVE IMPLICATIONS**

The Taxation and Revenue Department states that their computer systems would need to be modified, and forms and instructions revised. Motor vehicle personnel would need to be trained on the new provisions. Verifying whether or not a vehicle owner’s address is within municipal boundaries may prove to be burdensome, especially for owners who reside just in or outside of municipal boundaries.

**TECHNICAL ISSUES**

This bill should further clarify the types of vehicles not subject to the local option registration fee. Other motor vehicles subject to state registration fees that are not specifically addressed in this proposal include: farm trucks, taxis, off-road vehicles, and motor homes.

In Section 1, Subsection A (on page 2, line 6), the exclusion of “trucks” from vehicles on which the fee is imposed may not have been intended. In the year 2000 there were 498,177 trucks registered in the state, many of which are privately owned pick-up trucks. The Taxation and Revenue Department notes that excluding trucks from the local option fee may not be equitable treatment of two similar classes of vehicle. Many trucks registered in the state are used like cars as passenger vehicles.

**OTHER SUBSTANTIVE ISSUES**

Energy Minerals and Natural Resources Department notes that this legislation would support the ECMD's goal of promoting ride sharing and reducing dependence on foreign oil. Reducing the number of vehicles on New Mexico roads will promote traffic safety and energy efficiency. An added benefit of this legislation is that ride sharing, with the possibility of using alternative fuels, would significantly reduce air pollution and provide support for alternative fuel infrastructure development.

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