

beginning in May. Hence the fiscal year 2003 impact could be as much as \$3 million.

HB 691 distributes the revenues to the newly created road improvement fund. The fund is to be used by the State Highway and Transportation Department for road improvement projects specifically authorized by law.

ADMINISTRATIVE IMPLICATIONS

The Taxation and Revenue Department states that HB691 will have a minor administrative impact on the department. However, they believe that the department should be able to administer the provisions with existing resources.

OTHER SUBSTANTIVE ISSUES

The Taxation and Revenue Department notes that the motor vehicle excise tax might be more accurately viewed as a selective sales tax imposed to provide a favorable tax rate upon a specific commodity, rather than an intrinsically “road-related” revenue. A great deal of the value of contemporary motor vehicles has more to do with comfort, styling, safety features, and amenities (air conditioning, sound systems, power steering, anti-lock brakes, automatic door locks, air bags, etc.) than strictly to do with use of the roads.

Most states impose a sales tax on the sale of motor vehicles without the benefit of the “favorable rate” afforded by New Mexico’s motor vehicle excise tax. A reasonable national average of states that impose a transactional tax on motor vehicles would be in excess of 6%.

PRF/yr