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## FISCAL IMPACT REPORT

**SPONSOR** Hanosh                      **DATE TYPED** 2-11-04                      **HB** 486/a HTRC

**SHORT TITLE** Motor Vehicle Fees & Fund Distribution                      **SB** \_\_\_\_\_

**ANALYST** Reynolds-Forte

### REVENUE

{Indicated amounts are in thousands, e.g., \$100,000.00 should be \$100.0}

Estimated Revenue		Subsequent Years Impact	Recurring or Nonrecurring	Fund Affected
FY04	FY05			
none	(\$100.0)	similar	Recurring	State Road Fund
none	(\$25.0)	similar	Recurring	Counties and Municipalities
none	(\$30.0)	similar	Recurring	Local Govts Road Fund (ID Cards)
none	\$840.0	similar	Recurring	Municipal & Fee Agents
none	\$900.0	similar	Recurring	Motor Vehicle Division (admin. fee)
none	\$1,585.0	similar	Recurring	Total

(Parenthesis ( ) Indicate Revenue Decreases)

Conflicts with Senate Bill 504 and House Bill 175

### **SOURCES OF INFORMATION**

LFC Files

Response Received From  
Department of Transportation

### **SUMMARY**

#### Synopsis of HTRC Amendment

The House Taxation and Revenue Committee Amendment to House Bill 486 strikes section one of the original bill to leave the administrative fee at its current fifty cents per service. The amendment redistributes this fifty cent service fee from the State Road Fund (Department of Transportation) to the Motor Vehicle Division of Taxation and Revenue Department and adds a July 1, 2004 effective date.

The Amendment increases the transaction fee imposed on vehicle registration transactions from \$3 to \$4.

The Amendment makes no changes to the increases in the distribution of portions of certain fees distributed to the municipal and fee agents conducting the transactions. These fees are increased from the current \$6 to \$8 for drivers' license transactions and from the current \$3 to \$5 for vehicle title or registration transactions.

## **FISCAL IMPLICATIONS**

House Bill 486/aHTRC would decrease State Road Fund revenues by \$100 thousand annually, decrease county and municipal revenues by \$25 thousand annually and decrease Local Government Road Fund revenues by \$30 thousand annually. The amended bill would increase revenues to the municipal and fee agents by \$840 thousand annually and increase revenues to the Motor Vehicle Division by \$900 annually.

## **CONFLICTS**

House Bill 486/a HTRC now conflicts with SB-504; the original House Bill 486 and Senate Bill 504 were duplicates.

### Synopsis of Original Bill

House Bill 486 increases the administrative fee imposed on Motor Vehicle Division transactions from the current fifty cent (\$0.50) fee to one dollar (\$1.00). The bill also increases the distribution of portions of other fees distributed to the municipal and fee agents conducting the transactions. These fees are increased from the current \$6 to \$8 for drivers' license transactions and from the current \$3 to \$5 for vehicle title or registration transactions.

House Bill 486 adds a section which distributes the \$25 fee collected for the special pet care registration plates to each county to support animal control spaying and neutering programs in an amount proportionate to the number of resident of that county who have purchased pet care special registration plates.

### Significant Issues

House Bill 486 does not contain an effective date.

The administrative fees collected by municipal and private fee agents are distributed back to those fee agents. Administrative fees collected by the Motor Vehicle Division are distributed to the State Road Fund and local governments. Currently Section 66-6-19 NMSA 1978 imposes a fee of \$3.00 for vehicle title or registration transactions, yet House Bill 486 proposes to give fee agents \$5.00 for performing those transactions (i.e., distribute \$5 out of a \$3 fee). The net effect of this is to distribute portions of state vehicle registration fees that currently benefit the State Road Fund (primarily) to the fee agents.

## **FISCAL IMPLICATIONS**

The total fee increase in the bill is \$1,024.0. House Bill 486 increases the administrative service fee which increases revenues to the State Road Fund, counties and municipalities and the municipal and fee agents. The bill also increases the portion of fees distributed to the municipal and fee agents which increases their revenues but decreases revenues to the State Road Fund, coun-

ties and municipalities and the Local Government Road Fund. The net impact of these changes is shown in the revenue table above.

The following shows the gain and loss to each fund/entity:

State Road Fund: Includes +\$601 thousand gain from administrative fees and (\$568) thousand loss of other fees.

County & Municipal: Includes +\$302 thousand gain from administrative fees and (\$197) thousand loss of other fees.

Local Government Road Fund: Represents (\$30) thousand losses in identification card fees.

Municipal and Fee Agent: Includes +\$121 thousand from administrative fees and +\$795 thousand gain of other fees.

### **ADMINISTRATIVE IMPLICATIONS**

The New Mexico Department of Transportation points out that many private fee agents operate under specific contracts with the Motor Vehicle Division. These contracts would have to be re-executed on the effective date of this bill. The Taxation and Revenue Department will also need to make to the MVD computer system in regard to the fee increase and revenue distribution changes.

### **DUPLICATION AND CONFLICT**

House Bill 486 duplicates Senate Bill 504 and conflicts with House Bill 175 which redirects the administrative service fee to the Motor Vehicle Division.

### **TECHNICAL ISSUES**

The New Mexico Department of Transportation points out the following technical issues:

- Any bill that increases fees or adjusts revenue distributions must include an Effective Date provision and/or an Applicability Date provision.
- Section 66-6-19 NMSA 1978 imposes a fee of \$3.00 for vehicle title or registration transactions, yet the bill proposes to give Fee Agents \$5.00 for performing those transactions (i.e., distribute \$5 out of a \$3 fee). The net effect of this is to distribute portions of state vehicle registration fees that currently benefit the State Road Fund (primarily) to the fee agents.
- The bill misses an opportunity to repair the distribution of firefighter special plate revenue to the Motor Vehicle Division (MVD). On page 6, line 5 the corrected reference would be “Subsection [E] F of Section 66-3-422 NMSA 1978”.
- The changes on page 6, lines 6 through 8 should be reviewed and a more comprehensive fix offered for the distribution of revenue to the MVD associated with the many new special plates enacted in 2003 pursuant to Section 66-3-424 – Standardized Special Registration Plates With Logos.

- On page 8, line 19 the reference should be to “the fees collected pursuant to Paragraph (2) of Subsection D of Section 66-3-424.3 NMSA 1978”.

#### **OTHER SUBSTANTIVE ISSUES**

The New Mexico Department of Transportation points out the following issues with House Bill 486:

- The fee for issuing a Drivers License is \$10 (Section 66-5-44 NMSA 1978). Municipal and Fee Agents would receive 80% of that fee under the bill’s provisions. This increased revenue to the fee agents comes entirely out of the State Road Fund (about \$176 thousand).
- The fee for issuing an ID card is \$5.00 (Section 66-5-408). Municipal and Fee Agents would receive the 100% of that fee under the bill’s provisions. This increased revenue to the fee agents comes entirely out of the Local Governments Road Fund (about \$30 thousand).
- The Motor Vehicle Division has experienced disagreements with Municipal and Fee Agents when interpreting application of administrative fees “for each item or transaction” (see Section 1, Subsection A on page 1, line 25). This should probably be clarified. For example, issuing a vehicle title and obtaining the initial vehicle registration might be considered one transaction that includes two items.

**PRF/lg:yr**