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FISCAL IMPACT REPORT

SPONSOR SJC **DATE TYPED** 2/17/2004 **HB** _____

SHORT TITLE Off-Highway Motor Vehicle Requirements **SB** CS/174/aSFC

ANALYST Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
		See Fiscal Implications			

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
0.0	0.0	75.0	Recurring	State Road Fund (vehicle registrations)
0.0	0.0	25.0	Recurring	Local Gvmt (MV suspense decrease)
671.3	775.0	806.3	Recurring	New Trail Safety Fund
7.0	15.0	22.0	Recurring	NM Clean and Beautiful Program
13.0	31.0	44.0	Recurring	Motor Vehicle Division

(Parenthesis () Indicate Revenue Decreases)

Note: Since the ATV registration would be for a 2-year period, for the first few years ATV registration fee revenue will tend to be significant in odd-numbered fiscal years, and tend to be small in even-numbered fiscal years. The bill includes no transition provision for existing 3-year registrations, so the full revenue impact will not be realized until FY2007 (when 3-year registrations obtained in FY2004 are due for renewal).

Assumptions: 40,000 registered vehicles, plus some unknown number of nonresident permits (+).

SOURCES OF INFORMATION

- Department of Tourism
- Department of Transportation
- Taxation and Revenue Department
- Energy, Minerals and Natural Resources Department

SUMMARY

Synopsis of SFC amendment

The Senate Finance Committee (SFC) amendment to the Committee Substitute for SB174 makes several substantive changes: (1) it reduces the cap on the off-highway user fee by \$10.00; (2) it includes the Department of Game and Fish to be responsible for developing collection sites and issuing permits but also allows DGF to keep \$7.00 of each fee it collects; and (3) item number 5 of the amendment makes an important technical correction pertaining to distribution of these revenues. The amendment makes other minor technical corrections.

Based on this amendment, revenue projections for the trail safety fund would be reduced by 25 percent. All the distributions will be reduced by \$7.00/fee for the DGF share, but projections are difficult given no history on these permits.

Synopsis of Original Bill

The Senate Judiciary Committee (SJC) Substitute to Senate Bill 174 proposes comprehensive additions and revisions to the Off-highway Motor Vehicle Act to promote responsible use of snowmobiles, all-terrain vehicles and off-highway motorcycles. The bill sets up a financing mechanism, through a new fund called the trail safety fund, for implementation of the bill. A section-by-section analysis follows:

Section 1. Adds new definitions to the act;

Section 2. Makes technical corrections and clean up for the registration requirements and process;

Section 3. Increases registration fee to \$17.00 paid every two years and reduces validation time from three to two years for residents and creates a ninety day permit for non-residents at same price. Creates a new registration fee, the off-highway user fee, of up to \$40.00 for residents or non-residents. Increases the fee for duplicate certificates to \$7.50. Provides rulemaking authority to Tourism Department. Provides authority for a \$1.00 fee for the New Mexico Clean and Beautiful Program on an annual basis for both residents and non-residents;

Section 4. Provides registration exemptions for off-highway vehicles operated exclusively on private lands, or used for agricultural purposes and for those used in competitions;

Section 5. Makes technical corrections to statute describing criteria for permit refusal, principally when applicant cannot be registered in home state;

Section 6. Makes technical corrections;

Section 7. Makes technical corrections;

Section 8. Adds new section outlining criteria under which safety training organizations may be licensed and terms of the licenses, i.e., annual renewal, certification by board (see

Section 18), etc;

Section 9. Adds new section outlining operation and safety requirements by age and provides for requirements to be met before these motor vehicles may be sold (note: very important and detailed section);

Section 10. Adds new section requiring dealers to provide operational, safety and training information to consumers including information of the potential risks involved;

Section 11. Provides limited exceptions for operation of off-highway vehicles near or on public roads or highways, prohibits use within state parks, and must receive a permit from the Department of Game and Fish for operation on its land

;

Section 12. Provides limited exceptions for operation of off-highway vehicles near or on public roads or highways;

Section 13. Makes technical corrections;

Section 14. Makes revisions to statute requiring accident reports of more than \$500 in damage to law enforcement.

Section 15. Makes revisions to allow law enforcement officers to request proof of training certification of drivers.

Section 16. Creates the Off-highway Motor Vehicle Safety Board made up of 23 members (nine ex-officio and 15 appointed members) and outlines its policy-making to certify training programs, set safety standards, supplement the Clean and Beautiful Program, and set criteria for locating ATV parks, trails and other facilities.

Section 17. Creates the trail safety fund to be administered by the Tourism Department; the fund will receive all fees identified previously in bill; provides for earmarked use of fund, namely to develop and maintain trails, staging areas and to promote safety in this sport;

Section 18. Provides for penalties of violation of this act.

Section 19. Adds a new section that would ensure that a driver or passenger, under the age of eighteen, who did not use a safety helmet would not constitute fault or negligence and would not limit or apportion damages.

Section 20. Repeals the Snowmobile Act.

Section 21. Makes the effective date January 1, 2005.

Significant Issues

SB174 is designed to address the proliferation of off-highway vehicle recreation to ensure public and environmental safety. As this sport grows in popularity, fatalities and injuries have in-

creased. The Department of Tourism cites a Consumer Products Safety Commission report that shows a 50 percent increase from 1997 to 2001 in all-terrain vehicles driving hours. Additionally, outdoor enthusiasts seek to find consensus with off-highway vehicle enthusiasts on use of public lands and forests.

FISCAL IMPLICATIONS

SB174 does not contain an appropriation, but does provide for continuing appropriations to the Tourism Department from the new Trail Safety Fund created in the bill. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

ADMINISTRATIVE IMPLICATIONS

TRD will experience an increased workload. However, access to the fund will allow it to absorb its incremental cost.

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