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## FISCAL IMPACT REPORT

SPONSOR Moore DATE TYPED 3/15/05 HB 277/aSPAC

SHORT TITLE Department of Motor Vehicles Act SB \_\_\_\_\_

ANALYST Rosen

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI		NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Public Safety (DPS)

Taxation and Revenue Department (TRD)

#### No Responses Received From

Governor's Office

### SUMMARY

#### Synopsis of SPAC Amendment

Senate Public Affairs Committee amendment to House Bill 277 makes technical changes to correctly reference the number of divisions in relevant agencies and provides for the new Department of Motor Vehicle Secretary to appoint deputy division directors who are covered by the Personnel Act.

#### Synopsis of Original Bill

House Bill 277 creates the Department of Motor Vehicles (DMV) to establish a single, unified department for administration and enforcement of laws and exercise of functions concerning motor vehicles currently administered, exercised and enforced by TRD's Motor Vehicle Division (MVD) and DPS' Motor Transportation Division (MTD); provides for a secretary appointed by the governor to serve in the executive cabinet; creates three divisions with respective directors

for motor vehicles, motor transportation and administration; defines the secretary's powers and duties; and amends various statutes related to TRD, DPS and the motor vehicle code to reconcile this re-organization.

## **PERFORMANCE IMPLICATIONS**

Indeterminate.

## **FISCAL IMPLICATIONS**

All appropriations to MVD and MTD are directed to DMV. It is impossible at this time to estimate the additional fiscal impact but TRD notes that a significant portion of MVD administrative support is provided for in other areas of TRD's budget, as described below in Administrative Implications.

DPS has 1,317.1 FTE and an operating budget of \$139,748.5 for FY05. DPS' administrative support division has 82 employees and an operating budget of \$11,079.3 for FY05. The effective ratio of administrative support to agency is roughly 1 FTE to 16 FTE or 6%.

TRD has 1,010.7 FTE and an operating budget of \$65,912.3 for FY05. TRD's administrative support division has 212 FTE and an operating budget of \$19,753.7 for FY05. The effective ratio of administrative support to agency is roughly 1 FTE to 5 FTE or 20%.

DPS' MTD has 254 employees and an operating budget of \$12,154.4 for FY05. TRD's MVD has 281 employees and an operating budget of \$16,292.8 for FY05. Simply combining MTD and MVD would result in 535 employees. If no efficiencies at all are assumed this DMV combination might require administrative support of 32 FTE using the DPS ratio or 107 FTE using the TRD ratio.

## **ADMINISTRATIVE IMPLICATIONS**

According to TRD, a significant portion of MVD administrative support is provided for in TRD's budget. These functions include administrative services, information systems, revenue distributions, personnel, legal and the inspector general. In addition, the Revenue Processing Division provides operational services in the areas of data entry, citation entry, microfilming and revenue processing. Separately supporting these functions in DMV would require more funding than is indicated by MVD's budget. In addition, splitting these functions from TRD will involve creating some duplication of services for TRD and DMV. The current configuration of these services within TRD achieves cost savings because of the significant amount of overlap in responsibilities between TRD and MVD.

## **OTHER SUBSTANTIVE ISSUES**

MTD estimates the trucking industry has been underreporting its taxable activity within the state by about \$7 million per year. Weight-distance tax permits and revenues were flat from 2000 to 2004 and port of entry revenue decreased by 54% even though heavy commercial daily vehicle miles traveled through New Mexico increased by 19% from 2000 to 2003. Moving MTD out of DPS and into an executive agency focused solely on motor vehicle issues may help to address this issue.

Several states have reorganized to combine the functions of motor vehicle and motor transportation divisions in one executive department. These decisions to change organizational structure are made in order to centralize business functions, more effectively use enforcement officers, combine activities relating to certificated and permitted carriers, enhance quality control and planning, and streamline the structure of management related to motor vehicle issues and functions.

TRD indicates it does not have good, prior information on which is the best organizational form for MVD. However, TRD believes the proposed changes are likely to disrupt the work of the MVD, at least in the near term, and implementing these changes by July 1, 2005, would be very difficult.

### **ALTERNATIVES**

TRD and DPS conduct a detailed cost benefit analysis of the proposed reorganization, including analysis of all direct and indirect costs for MVD and MTD currently and potential administrative support costs under the proposed DMV structure.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?**

Status quo

### **POSSIBLE QUESTIONS**

Does DPS use of MTD vacancy savings to pay for State Police operating expenses impair MTD's ability to fulfill its duties and obligations under the current organizational structure?  
Would MTD be more effective operating within the proposed DMV?

Why do many TRD employees believe the proposed re-structuring of MVD and MTD into a new cabinet agency is best for all agencies involved?

Would TRD be more effective in collecting weight-distance taxes from the trucking industry with the help of a DMV?

**JR/sb:njw:lg**