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## FISCAL IMPACT REPORT

**SPONSOR** HJC **ORIGINAL DATE** 02/24/09 291&341/HJCS/  
**LAST UPDATED** 03/18/09 **HB** aSCORC  
**SHORT TITLE** Car Registrations and Air Emissions **SB** \_\_\_\_\_  
**ANALYST** Lucero

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	\$9.3	\$9.3	Recurring	State Road Fund
	\$3.2	\$3.2	Recurring	Local Government

(Parenthesis ( ) Indicate Revenue Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Minimal	Minimal	Minimal	Recurring	General Fund
<b>Total</b>		Moderate	Moderate	Moderate	Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Public Safety (DPS)

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of SCORC Amendment

Senate Corporations and Transportation Committee (SCORC) amendment to HJC substitute for House Bills 291 & 341 requires that MVD and the Environment Department confer and provide an educational outreach program to consumers and licensed motor vehicle dealers regarding compliance with standards prior to the date the standards go into effect.

#### Synopsis of HJC Substitute

House Judiciary Committee (HJC) substitute for House Bills 291 & 341 proposes to amend Section 66-3-7 NMSA 1978 of the Motor Vehicle Code to allow as grounds for refusing,

suspending or revoking registration or certificate of title if the vehicle is not certified to comply with the applicable motor vehicle air emissions standards adopted by the state of New Mexico, environmental improvement board, or a local board pursuant to the Air Quality Control Act.

### **FISCAL IMPLICATIONS**

The SCORC amendment adds that an educational outreach program must be provided prior to the date the standards go into effect; however, the additional revenue generated through reinstatement of vehicle registrations may not sufficiently cover the outreach program.

The Taxation and Revenue Department (TRD) reports the estimated revenue reflects an illustrated suspension of 500 vehicle registrations and a presumed reinstatement of the registration after achieving air quality compliance. TRD is unable to project the actual number of registration suspensions that might occur. Section 66-5-33.1(A) NMSA 1978 allows MVD to collect \$25.00 for each vehicle registration reinstatement. Reinstatement fees are distributed to the state road fund and to local governments according the formulaic distribution in Section 66-6-23.1 NMSA 1978.

For every additional 100 vehicle registration reinstatements related to air emission violations, an additional \$2.5 thousand would be collected from reinstatement fees (distributed 74.65% to the state road fund and 25.35% to local governments).

### **SIGNIFICANT ISSUES**

According to New Mexico Environment Department (NMED), without the bill, New Mexico residents could register motor vehicles that do not meet New Mexico vehicle emissions standards and motor vehicles with greater air pollution emissions would be allowed into the state. The southern portion of Doña Ana County and San Juan County are in violation of the current national ambient air quality standard for ground level ozone pollution. That amendment would close a loophole that allows citizens to register vehicles that have emissions in excess of New Mexico emissions standards for vehicles. The resulting air pollution limits the state's ability to meet federal air quality standards.

The bill could benefit New Mexico auto dealers, because current state regulations require automobile manufacturers to deliver vehicles that comply with New Mexico vehicle emissions standards and vehicles purchased outside of New Mexico may not comply with New Mexico air standards.

### **PERFORMANCE IMPLICATIONS**

The Environment Department's Air Quality Bureau has a legislative performance measure to reduce annual statewide greenhouse gas emissions to a target level. Similarly, the Governor's Accountability and Performance Contract contains goals for reduction of greenhouse gas emissions. Finally, the Governor's Executive Order on Climate Change also contains goals for reduction of greenhouse gas emissions to 2000 levels by 2012, 10 percent below that by 2020 and 75 percent below 2000 levels by 2050.

This bill could assist the state in meeting federal ambient air quality standards for ozone by reducing air pollutant emissions from motor vehicles.

**ADMINISTRATIVE IMPLICATIONS**

TRD estimates it would encounter a minimal increase in operating costs for supplies, processing time, etc in processing the suspensions and reinstating the vehicle registrations.

The educational outreach program may add a moderate additional administrative non-recurring cost to MVD and the Environment Department which may not be offset by the additional revenue generated from reinstatement fees.

**OTHER SUBSTANTIVE ISSUES**

Compliance with vehicle emission standards is already a prerequisite for titling and registering a vehicle in Bernalillo County (the only locality with such standards currently in effect). This bill would give Motor Vehicle Division (MVD) the specific authority to suspend or revoke the registration of a vehicle that does not remain in compliance.

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

Without this bill, New Mexico residents could purchase motor vehicles with less stringent emission standards in states other than New Mexico and register the vehicle in New Mexico, thus negatively impacting air quality and green house gas levels in New Mexico and negatively impacting the sales of vehicles from retailers in New Mexico.

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