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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/09

SPONSOR Nunez LAST UPDATED _____ HB 341

SHORT TITLE Car Registration 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)

Relates to HB291
Relates to Appropriation in the General Appropriation Act

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$0.01*	\$0.01*	\$0.02*	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

(Indeterminate but estimated to be minimal)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
Department of Finance and Administration (DFA)
Environment Department

SUMMARY

Synopsis of Bill

House Bill 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 does not comply with emissions standards adopted pursuant to the Environmental Improvement Act or the Air Quality Control Act.

FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) reports the estimated revenue reflects an illustration of 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. 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.

HB341 will 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.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB291

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.

AMENDMENTS

Amend HB 341 to duplicate HB 291 as follows:

Page 3, line 12 item (M). the vehicle is not certified to comply with the applicable motor vehicle air emissions standards adopted by the environmental improvement board or a local board pursuant to the Air Quality Control Act.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without amendment, 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.

DL/svb