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FISCAL IMPACT REPORT

ORIGINAL DATE 03/05/19

SPONSOR HTRC LAST UPDATED _____ HB 321/HTRCS

SHORT TITLE Car Registration Fee for Road Fund SB _____

ANALYST Jorgensen

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
	\$3,480.0	\$3,480.0	Recurring	State Transit

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

The House Taxation and Revenue Committee Substitute for House Bill 32 increases vehicle registration fees for passenger vehicles and commercial trucks by \$2.00 and directs the revenue to the newly-created state transit fund.

Money in the state transit fund shall be distributed to transit agencies that have submitted a funding request to the Department of Transportation (DOT). The fund may provide up to 50 percent of the required local public match needed by a public transit agency for operations or infrastructure. Commuter rail service will be ineligible to receive state transit funds.

FISCAL IMPLICATIONS

DOT reports approximately 1.74 million vehicle registrations per year. Based on this, the \$2.00 fee would raise approximately \$3.48 million per year for the state transit fund.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

SIGNIFICANT ISSUES

According to the DOT 2018 transit guide, 22 of New Mexico's 33 counties offered some kind of transit service providing 14.6 million rides, down 9.6 percent from the 16.1 million rides delivered in FY16.

Transit services are provided through regional transit districts (RTD) which allow member communities of an RTD to increase gross receipts taxes to support transit initiatives. The four RTD's are the north central RTD, Rio Metro RTD, Southwest RTD, and South Central RTD.

DOT reports New Mexico anticipates receiving \$53.4 million in federal funding in FY20 to support New Mexico transit programs. It is unclear if the availability of additional funds raised in HB321 would enable the state to draw down additional federal funding and grow overall transit funding or if these funds would displace local funds that would otherwise be used to match federal transit funds.

CJ/sb