Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (<u>www.nmlegis.gov</u>) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

| SPONSOR | Lara | ORIGINAL DATE LAST UPDATED | | НВ | 529/aHJC |
|------------|----------------------|----------------------------|--------|----|-----------------|
| SHORT TITI | LE Auto Theft Prever | tion Fund | | SB | |
| | | | ANALYS | ST | Gaussoin/Hawker |

REVENUE (dollars in thousands)

| | Recurring | Fund | | |
|------|------------------------|-------------------------------|--------------------|--|
| FY19 | FY20 | FY21 | or Nonrecurring | Affected |
| | \$1,600.0 to \$8,000.0 | Indeterminate but substantial | Recurring | Automobile Theft Prevention Fund |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Office of Superintendent of Insurance (OSI)
Department of Public Safety

No Responses From

Taxation and Revenue Department

SUMMARY

Synopsis of HJC Amendment

The House Judiciary Committee Amendment to House Bill 529 reduces the maximum amount the Office of Superintendent of Insurance can collect annually from insurers to no more than \$5 for each vehicle and unit of "special mobile equipment".

HB 529/aHJC adds language providing "all fees collected pursuant to this section shall be paid by the policyholder to the authorized insurer for payment to the superintendent. The fee shall not be considered an insurance premium for any purpose."

Synopsis of Original Bill

House Bill 529 would authorize the Office of Superintendent of Insurance to collect an annual

House Bill 529/aHJC - Page 2

fee from insurers equal to at least \$1 and no more than \$10 for each vehicle and unit of "special mobile equipment" – construction equipment operated on public roads but not primarily designed to carry people – insured by the insurer on July 1 of each year. The fee would be deposited into a newly created automobile theft prevention fund appropriated to the superintendent for the use of the Automobile Theft Prevention Authority created in 2018.

The effective date is July 1, 2019.

FISCAL IMPLICATIONS

HB 529/aHJC the revenue table has been adjusted to reflect the new maximum per vehicle amount. Previously the table had estimated revenue between \$1.6 million and \$16 million. As HB 529/aHJC reduces the maximum per vehicle charge by 50%, establishing a \$5 maximum, the table has been adjusted to reflect estimated revenues between \$1.6 million and \$8.0 million.

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 because earmarking reduces the ability of the Legislature to establish spending priorities.

OSI reports Motor Vehicle Division reports approximately 1.6 million vehicles would be subject to the proposed fee. Special mobile equipment does not have to be registered in New Mexico and no figure is available for the number insured in the state.

According to the Office of Highway Policy Information of the Federal Highway Administration, the number of vehicles registered in New Mexico changed only slightly between 2012 and 2016, indicating the number of vehicles subject to the proposed will change little in FY21.

SIGNIFICANT ISSUES

Funding for the Automobile Theft Prevention Authority was stripped from the bill before passage in 2018. The authority is charged with awarding grants to improve and support automobile theft prevention programs and programs for the enforcement of prosecution of automobile theft crimes. Law enforcement agencies are to be given preference for grant awards when possible.

ADMINISTRATIVE IMPLICATIONS

OSI reports the bill would require the office to set up a procedure to collect the fee similar to that used to collect fees assessed for the insurance fraud fund. The agency did not indicate the responsibility would create an administrative burden for the office.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

OSI states the Auto Theft Prevention Authority will be limited in its efforts to achieve the goals of the original legislation enacted in 2018 without funding.

HFG/al