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FISCAL IMPACT REPORT

SPONSOR Ruiloba/Lundstrom/
Gonzales/Martinez,
RS/Garcia, H ORIGINAL DATE 3/15/19 HB HM 77
 LAST UPDATED _____ SB _____
 SHORT TITLE Road Mileage-Based User Fee System SB _____
 ANALYST Daly

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Indeterminate*	Indeterminate*		Indeterminate*	Nonrecurring	State Road Fund

(Parenthesis () Indicate Expenditure Decreases)

*See Fiscal Implications

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Transportation (DOT)

SUMMARY

Synopsis of Bill

House Memorial 77 requests DOT to actively participate in the Western Road Usage Charge Consortium (RUC West) system definition and pilot planning project, and to research options for implementing mileage-based user fee (MBUF) systems. DOT is to present its recommendations, including proposed implementing legislation, to the appropriate interim legislative committees by November 1, 2019. Copies of the memorial are to be transmitted to the governor and the DOT secretary.

FISCAL IMPLICATIONS

DOT reports that in order to fulfill the requests in HM 77, appropriate staff will need to be appointed, who will be required to participate in the RUC West Consortium, and to present recommendations to the appropriate interim legislative committees. Furthermore, it presumes a study will be needed to research various options for implementing MBUFs in New Mexico. The State Road Fund FY19 and FY20 operating budgets will likely be affected. No cost estimates

were provided, so the impact is shown as indeterminate in the operating budget impact table.

SIGNIFICANT ISSUES

DOT reports that RUC West is a voluntary coalition of 14 western state departments of transportation, including New Mexico (and others -- Oregon, California, Colorado, Hawaii, Washington, Arizona, Utah, Idaho, Montana, Nevada, North Dakota, Oklahoma, Texas), that are committed to collaborative research and development of a new method for funding transportation infrastructure. As part of its Regional Pilot Planning Project, RUC West is collecting requirements to launch a western, regional interoperable road-use charge (RUC) system. Of the 14 RUC West member states, so far 11 are participating in this project -- Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oklahoma, Oregon, Utah, and Washington -- and HM 77 requests New Mexico join these states in the project.

RUCs - also known as mileage-based user fees (MBUFs) or vehicle miles traveled (VMT) fees - are transportation funding mechanisms that seek to more closely link transportation taxes to the actual use of the roadways by a driver, as compared to traditional fuel taxes. They do so by charging drivers on a per-mile-driven basis. According to the memorial, mileage-based user fees are an alternative or supplemental means of raising revenue for transportation infrastructure improvements based on use of that infrastructure rather than consumption of gasoline, and may be one way to maintain sufficient funding for those improvements.

DOT advises that fuel tax programs are currently administered by the Taxation and Revenue Department (TRD). As MBUF will either supplement or substitute for fuel tax programs, any option considered for implementing MBUF in New Mexico, and any proposed implementing legislation, would require participation and feedback from TRD.

Additionally, DOT comments that Successful implementation of a MBUF will be dependent on resolving a number of initial hindrances, including public concern about personal privacy; the higher costs to establish, collect, and enforce those fees; the administrative challenge of the billing process given the size of the stock of private vehicles; and the setting and adjusting of the road user charge rates. DOT expresses concern that a thorough study of all these aspects of implementing MBUF in New Mexico would be challenging to accomplish by November 1, 2019, as provided in HM 77.

MD/gb