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FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/22
LAST UPDATED 02/15/22 **HB** 144/aHTPWC
SPONSOR Rubio/Martinez
SHORT TITLE Commercial Driver's License Requirements **SB** _____
ANALYST Hitzman

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY22	FY23	FY24		
\$16,131.7	\$16,131.7	\$16,131.7	Recurring	State Road Fund – Federal*

(Parenthesis () Indicate Revenue Decreases)

*Revenue already received from the National Highway Performance Program and the Surface Transportation Block Grant Program. Without enactment of HB144, agencies will lose this revenue in FY23 and subsequent years. *See fiscal implications.*

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Contractual Resources (TRD)		\$381.2		\$381.2	Nonrecurring	General Fund
Staff Workload (TRD)		\$98.4		\$98.4	Nonrecurring	General Fund
Total		\$479.6		\$479.6	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Cornell Legal Information Institute (law.cornell.edu)

New Mexico Motor Vehicle Division (mvd.newmexico.gov)

Responses Received From

Department of Transportation (DOT)

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HTPWC Amendment

The House Transportation, Public Works and Capital Improvements Committee’s amendment for House Bill 144 specifies an effective date of January 1, 2023.

Synopsis of Bill

House Bill 144 amends the Motor Vehicle Code related to commercial driver’s license (CDL) requirements to align with federal law. The bill adds references to and definitions of non-domiciled and non-resident permits. As such, HB144 adds definitions for “non-domiciled” and “non-resident” commercial driver’s instruction permits and provides for the issuance of a REAL ID compliant non-domiciled CDL or instruction permit to foreign nationals with lawful status. The bill amends the subsequent sections to include references to these new permit definitions.

The bill also extends the period of time for which a commercial driver’s instruction permit may be issued, extending from six months to one year, provided that a knowledge exam is passed prior to each issuance. The bill also amends the conditions under which a CDL with a hazardous material endorsement shall expire, to be no later than the expiration date of the endorsement rather than the issuance of the CDL.

HB144 also adds clarifications to the section of the Motor Vehicle Code regarding disqualification, to include those convicted of acts involving severe forms of trafficking persons as defined in federal law.

Finally, HB144 repeals Section 66-5-65.1 NMSA 1978, which provides for the creation and collection of license endorsement fees, capped at \$125.00.

FISCAL IMPLICATIONS

Though the bill does not make an appropriation, DOT and TRD note that without this bill there will be no alignment of the existing Motor Vehicle Code to federal law and therefore the department may see a reduction in the federal funding received to the state road fund by up to 4 percent. According to the departments, passage of this bill will prevent a possible loss of \$16 million per year in federal funding, resulting in an estimated fiscal impact over three years (beginning in FY23) of just under \$48.4 million to the State Road Fund.

Although difficult to discern, there would likely be an increased number of CDLs issued in New Mexico by including eligibility for non-resident and non-domiciled individuals, which may result in small increases in revenue for the Motor Vehicle Division of the Taxation and Revenue Department, which charges fees for licensure. According to the department’s [website](#), the fee for receiving a commercial driver’s license in New Mexico is \$18.00 for a four-year license and \$34.00 for an eight-year license. To check for DWI records, there is also an additional one-time \$15.00 fee for drivers and the additional cost for the background check and fingerprinting required to obtain a hazardous materials endorsement is \$127.00. However, the bill repeals the license endorsement fees section of the Motor Vehicle Code, which may limit the division’s ability to charge these types of fees.

TRD also noted the following related to collection of fees:

Currently, Section 66-5-65.1 of the Motor Vehicle Code allows for MVD to collect fees related to background checks for an individual applying for a CDL. However, in 2015, the federal Transportation Security Administration (TSA) began coordinating CDL background checks, and the New Mexico MVD stopped collecting these fees. As such, this bill repeals Section 66-5-65.1, as the authorization to collect these fees is no longer required.

According to TRD, “the estimated time to develop, test, and implement the changes is approximately 1,906 hours or 11 months and approximately \$479,626 and (\$381,200 contractual resources including gross receipts tax, and staff workload costs of \$98,426). This bill requires system changes to issue commercial driver license and commercial driver license permits to non-domiciled individuals to conform with federal regulations, to modify commercial license knowledge exam requirements, and to create a permanent disqualification of commercial driving privileges for individuals convicted for human trafficking. It also requires interface changes with the card manufacturing vendor to print these new license types on the physical cards.”

ADMINISTRATIVE IMPLICATIONS

DOT notes that HB144 would bring the New Mexico Motor Vehicle Code in alignment with federal law, particularly by allowing non-resident and non-domiciled foreign drivers to obtain a CDL. This change, while intended to align with federal law, will likely result in at least some increase in the number of CDLs issued in New Mexico, potentially requiring an increased administrative need within the Motor Vehicle Division of the Taxation and Revenue Department, which already faces staffing shortages and high vacancy rates.

As noted by TRD, if passed, this bill will align commercial licenses with non-commercial licenses for age at which annual renewal is required and will align the New Mexico Motor Vehicle Code with federal rules related to human trafficking, noting the requirement for states to disqualify individuals convicted of a felony involving human trafficking using a commercial vehicle starting September 23, 2022. However, as amended, the bill would not go into effect until January 1, 2023, leaving the potential for noncompliance with this federal provision.

Further, this bill will allow a CDL to be issued by New Mexico MVD to foreign nationals who have provided a federal work authorization card as documentation.

PERFORMANCE IMPLICATIONS

This bill requires all entities administering CDL skills tests to complete federally required training. TRD notes that this will help ensure that individuals delivering a CDL skills test have consistent training.

POSSIBLE AMENDMENTS

TRD notes the following: “Considering the effort to work with the card manufacturing vendor and other interface changes, MVD recommends an effective date of December 31, 2022.” The HTPWC amendment to House Bill 144 addresses this concern, noting an effective date of January 1, 2023.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

DOT reports that “not passing HB144 could result in up to a 4 percent reduction of the National Highway Performance Program and the Surface Transportation Block Grant Program funds, which would impact federal funding received by the NMDOT” due to the fact that the existing Motor Vehicle Code does not comply with federal law. This equates to roughly \$16 million per year lost without passage of HB144.

In addition, without passage of the bill, DOT reports that the state’s CDL program would be decertified. [Federal law](#) provides for decertification of a state CDL program under the following conditions:

1. The State computer system does not check the Commercial Driver's License Information System (CDLIS) and/or national Driver Registry problem Driver Pointer System (PDPS).
2. The State does not disqualify drivers convicted of disqualifying offenses in commercial motor vehicles.
3. The State does not transmit convictions for out-of-State drivers to the State where the driver is licensed.
4. The State does not properly administer knowledge and/or skills tests to CLP or CDL applicants or drivers.
5. The State fails to submit a corrective action plan for a substantial compliance deficiency or fails to implement a corrective action plan within the agreed time frame.

Once deemed noncompliant, the state would have 30 days to submit a plan to correct the noncompliance. If noncompliance is determined, decertification would mean that the state is unable to issue commercial learner's permits or commercial driver’s licenses until noncompliance is corrected.

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