

**NMDOT BILL ANALYSIS
2024 REGULAR SESSION**

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute, or a correction of a previous bill}

Check all that apply:

Original Amendment _____
Correction _____ Substitute _____

Date January 25, 2024

Bill No. HB 217

Sponsor: Jason C. Harper, Dayan
Hochman-Vigil

Agency/ Code: NMDOT - 805 – Revenue & Planning

Short Title Liquor & Car Tax
Distributions

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SECTION II: FISCAL IMPACT

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
78,840	81,100	83,830	Recurring	State Road Fund
87,550	90,060	93,100	Recurring	Transportation Project Fund
(166,400)	(171,160)	(176,940)	Recurring	General Fund
0	0	0	Recurring	Total Impact

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to:
Conflicts with SB 184, SB 105 and SB 65

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 217 (HB 217) changes the distributions of the Liquor Excise Tax and Motor Vehicle Excise Tax (MVET).

Starting July 1, 2024, HB 217 eliminates the share of MVET receipts going to the state General Fund and increases the MVET revenue distribution to the State Road Fund from 21.86% to 50%, and to the Transportation Project Fund from 18.75% to 50%.

HB 217 also eliminates the distribution of the Liquor Excise Tax to a municipality in a class A county, adds a distribution to the health care authority, and doubles the distribution made to the drug court fund.

FISCAL IMPLICATIONS

This analysis only examines the fiscal impact of the changes to the MVET distribution.

HB 217 would distribute to the State Road Fund an additional \$79 million in FY 2025, and an additional \$81 - \$84 million in FY 2026 onwards. As a result of that increase, the State Road Fund would receive MVET revenue totaling about \$140-148 million per fiscal year, making MVET the largest revenue source for the State Road Fund.

SB 65 would also distribute to the Transportation Project Fund an additional \$88 million in FY 2025, and an additional \$90 - \$93 million in FY 2026 onwards.

On the contrary, the State General Fund revenue would be reduced by \$166.4 million in FY 2025, and by about \$171.1-176.9 million, in each of the following fiscal years.

This revenue estimate is based on the December 2023 Consensus General Fund Forecast.

SIGNIFICANT ISSUES

None identified.

PERFORMANCE IMPLICATIONS

None identified.

ADMINISTRATIVE IMPLICATIONS

None identified.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 217 conflicts with SB 105, which repeals the Motor Vehicle Excise Tax Act Sections 7-14-1 through 11 NMSA 1978, which includes the imposition of MVET and the distribution of MVET proceeds.

HB 217 conflicts with SB 65, SB 184 and HB 146, all of which change the MVET distributions.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

MVET distributions will remain at their current distributions.

AMENDMENTS