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## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Bill 22

**SHORT TITLE:** Motor vehicle manufacturers as dealers

**SPONSOR:** Pope

**LAST ORIGINAL**  
**UPDATE:** \_\_\_\_\_ **DATE:** 02/09/2026 **ANALYST:** Chilton

### REVENUE\* (dollars in thousands)

Type	FY26	FY27	FY28	FY29	FY30	Recurring or Nonrecurring	Fund Affected
MVEX	Choose an item.	Indeterminate but minimal gain	Indeterminate but minimal loss	Indeterminate but minimal gain	Indeterminate but minimal gain	Recurring	General Fund
GRT	Choose an item.	Indeterminate but minimal gain	Recurring	General Fund			
GRT		Indeterminate but minimal gain	Recurring	Local Governments			

Parentheses indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation; see "Fiscal Implications" below.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Choose an item.	\$33.2	No fiscal impact	\$33.2	Nonrecurring	General Fund
<b>Total</b>	Choose an item.	Choose an item.	Choose an item.		Choose an item.	Choose an item.

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency or Agencies Providing Analysis  
 Taxation and Revenue Department

## SUMMARY

### Synopsis of Senate Bill 22

Senate Bill 22 (SB22) adds several sentences to Chapter 57 Article 16 1978 NMSA, which is entitled “Motor Vehicle Dealers Franchising,” to allow manufacturers to sell motor vehicles directly to the public under specified conditions, which is otherwise prohibited as an unlawful practice.

Section 1 of the bill would add the definition of “line make” as a motor vehicle offered for sale, lease, or distribution under a name or trademark of the vehicle’s manufacturer. Other definitions in the statute remain unchanged.

Section 2 modifies Section 57-16-5-V NMSA 1978, which is entitled “Unlawful Acts – Manufacturers—Distributors—Representatives.” It modifies the 22<sup>nd</sup> and 26<sup>th</sup> of the 32 types of illegal acts, allowing manufacturers to be licensed as dealers, providing warranties and other services as long as the manufacturer has no independent franchise owners in the state and the manufacturer only sells and services the line-make manufactured by that manufacturer. In that case, the manufacturer would be allowed to construct a new dealership.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

## **FISCAL IMPLICATIONS**

There is no appropriation in Senate Bill 22. The Taxation and Revenue Department (TRD) estimates that it will require 480 hours of staff time to make information technology system changes to accommodate a new form of license for direct-from-manufacturer sales. TRD states that this will cost \$33.2 thousand.

If new manufacturer direct-to-consumer facilities were built in New Mexico, away from Native American territory, there would be a modest increase in motor vehicle excise tax paid to the state resulting from sale of new and used line-make vehicles and a modest increase in gross receipts tax on parts and service done at these facilities.

## **SIGNIFICANT ISSUES**

Current state law states that it is unlawful for a manufacturer to sell motor vehicles directly to a member of the public; sales of this sort must be effectuated through franchised dealers. However at least one manufacturer – Tesla – has no licensed dealers and has sold, leased and serviced Tesla vehicles through manufacturer-owned facilities built on the territory of Native American tribes (specifically, Santa Ana and Pojoaque Pueblos), which are not subject to the requirement that sales be only through licensed franchised dealers. This bill would allow such facilities to be built and activated anywhere in New Mexico, as long as the manufacturer had no franchised and licensed dealers in New Mexico. The changes in this bill would also allow Lucid and Rivian to sell directly to consumers through their own facilities in New Mexico.

TRD notes that only three other states have similar provisions to the New Mexico law prohibiting direct-to-consumer sales. TRD also notes the concern that a manufacturer might cease operations, leaving its former customers without a place where repairs and service could be done. Further, TRD states that the amended law would not allow a manufacturer to sell a traded-in vehicle of a different line-make within the state.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Similar to 2019 Senate Bill 243.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Manufacturers selling their motor vehicles directly to the public without the use of franchised dealerships would only be able to establish their direct-to-consumer sales and service facilities on Native American land within the state.

LAC/ct/cf