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## FISCAL IMPACT REPORT

SPONSOR: Heaton DATE TYPED: 2/19/03 HB 716

SHORT TITLE: Motor Vehicle Suspense Fund Distributions SB \_\_\_\_\_

ANALYST: Wilson

### APPROPRIATION

| Appropriation Contained |           | Estimated Additional Impact |               | Recurring or Non-Rec | Fund Affected |
|-------------------------|-----------|-----------------------------|---------------|----------------------|---------------|
| FY03                    | FY04      | FY03                        | FY04          |                      |               |
|                         | \$1,500.0 |                             | See Narrative | Recurring            | OSF           |
|                         |           |                             |               |                      |               |

(Parenthesis ( ) Indicate Expenditure Decreases) \*To be distributed according to formula in Section 66-6-23.1 NMSA 1978 and municipal and private fee agents.

### REVENUE

| Estimated Revenue |                 | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|-----------------|-------------------------|----------------------|---------------|
| FY03              | FY04            |                         |                      |               |
|                   | \$1,500.0       | \$1,500.0               | Recurring            | OSF           |
|                   | (Indeterminate) |                         | Recurring            | OSF           |

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

#### Responses Received From

Taxation & Revenue Department (TRD)  
 State Highway and Transportation Department (SHTD)

## **SUMMARY**

### Synopsis of Bill

House Bill 716 increases the administrative service fees from \$.50 to \$1.00 for each transaction or service performed and then increases the distribution of that fee to the municipal and private fee agents for transactions they perform. Fees for transactions performed by the Motor Vehicle Division (MVD) are distributed by formula in 66-6-23.1.

HB 716 also increases the distribution for driver's licenses, identification cards, registration and title transactions by \$2.00 to local offices and contracted fee agents for transactions they perform.

HB 716 clarifies that the fees collected for overweight permits for liquid haulers are to be distributed to the State Road Fund. While Section 66-7-413.4 does state that "Revenue from the permit fee shall be used to build, maintain repair or reconstruct the highways and bridges of this state", there is no specific statutory distribution of these fees to the state road fund. The reference to Section 66-7-413 added by HB 716 repairs technical problem created in 2001.

### Significant Issues

The cost of providing motor vehicle services is increasing. The administrative service fee increase will be distributed to the beneficiaries who will be performing the services.

## **FISCAL IMPLICATIONS**

The fiscal impact is as follows:

1. TRD estimates \$1,500.0 will be collected by raising the administrative service fee from \$.50 to \$1.00. These funds will be distributed to municipal and private fee agents for transactions they perform.
2. The distribution to the municipal office and contracted fee agents increases by \$2.00 for each driver's license, identification, title and registration transaction. The distribution is increased from \$6.00 to \$8.00 for a driver's license, and from \$3.00 to \$5.00 for an identification card. Registration and title transactions will be distributed to the local field offices and contract fee agents at \$5.00 for every transaction they perform. A precise count of each of the transactions is not available.
3. TRD reports that since title and registration transactions are \$3.00 each, and the bill requires the distribution of \$5.00, the motor vehicle suspense fund will have a negative cash flow as a result of the increased distribution of title and registration transactions performed at the local municipal and private fee agent offices.

## **ADMINISTRATIVE IMPLICATIONS**

Many private fee agents operate under specific contracts with the MVD. It is possible that all such contracts will have to be re-executed effective July 1, 2003.

Extensive changes to the MVD computer system will have to be made in regard to the fee increase and revenue distribution changes.

**TECHNICAL ISSUES**

The MVD has experienced disagreements with municipal and fee agents when interpreting application of administrative fees “*for each item or transaction*” (see Section 1, Subsection A on page 1, line 25). This should probably be clarified. For example, issuing a vehicle title and obtaining the initial vehicle registration might be considered one transaction that includes two items.

**DW/njw**