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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/06
 SPONSOR Vigil LAST UPDATED 1/26/06 HB 270
 SHORT TITLE Motor Transportation Department Act SB _____
 ANALYST Moser

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$461.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)
 Department of Public Safety (DPS)
 State Personnel Office (SPO)
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 270, Motor Transportation Department Act, appropriates four hundred sixty-one thousand dollars (\$461,000) from the General fund to a proposed motor transportation department for the purpose of establishing a single, unified dept. – the Motor Transportation Dept. (MTD) – to efficiently administer and enforce laws and exercise functions concerning commercial vehicle safety and operation.

HB 270 amends various statutory sections to change language referring to the existing “Motor Transportation Division of the Department of Public Safety” to the “Motor Transportation Department.” Under the Act, the director of the Highway Patrol Division within the MTD is to be referred to as the “chief.”

HB 270 creates the following crimes:

1. unauthorized wearing of an officer’s uniform or badge; and
2. unauthorized marking of a division motor vehicle.

Section 20 provides that whoever commits these crimes is guilty of a petty misdemeanor and shall be sentenced pursuant to Section 31-19-1 NMSA 1978.

HB 270 contains a temporary provision allowing for the transfer of personnel, property and contracts from the Motor Transportation Division of DPS to the Motor Transportation Department on the effective date of the Act, July 1, 2006.

The major implication of the bill for the Taxation and Revenue Department (“TRD”) is in Section 13, which would shift responsibility for the registration of motor carriers from the Commercial Vehicle Bureau (“CVB”) of the Motor Vehicle Division to the new department.

FISCAL IMPLICATIONS

The appropriation of \$461 thousand contained in this bill is a non-recurring expense to the general fund. It is largely to cover the expenses with creating seven new FTEs authorized by the bill. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

The bill does not address operating funding for this new department. Currently the NMDOT transfers sufficient funding for the department via an interagency transfer from the state road fund.

The department of public safety (DPS) indicates that the fiscal implications are substantial and have serious consequences. The task of separating fixed assets, dividing personnel, creating new positions, and separating the budget is a major undertaking and would have a direct effect on the enforcement activities of both bodies. DPS further indicates that the creation of a new department will result in increased administrative costs resulting in additional and unnecessary costs to the taxpayer while decreasing the efficiency of service. The costs should be analyzed to determine whether the state needs or can afford two separate departments having responsibilities for vehicle law enforcement activities.

The Administrative Office of the Courts indicates that there will be a minimal administrative cost for statewide update, distribution, and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law and commenced prosecutions. New laws, amendments to existing laws, and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

SIGNIFICANT ISSUES

The main impacts on TRD are due to the shift of responsibility for registering commercial vehicles from the CVB to the new Motor Transportation Department (“MTD”). Under multi-state agreements currently in force, New Mexico is required to conduct audits on at least 3 percent of carriers each year. This audit function requires access to detailed registration information. If a separate department was responsible for registration, we would need a Memorandum of Understanding (“MOU”) for sharing registration and Weight Distance Tax (“WD”) information with the new department. The State is obligated under the International Registration Plan (“IRP”) to prepare annual reports which would require information from both departments. Currently TRD conducts audits of the International Fuels Tax Agreements (“IFTA”), the IRP and instate WD at same time with assessments through MVD and hard copy of audits stored in that area. Under the

proposal IRP audits would need to be assessed by MTD. Assessment is a different process than registration of credentials.

DPS indicates:

- that this is a major reorganization of state government and does not sufficiently consider or anticipate the drastic negative impact it would have law enforcement in New Mexico.
- MTD is a major and key component of DPS and law enforcement efforts throughout New Mexico. MTD efforts are coordinated with other agencies and with all the divisions within DPS.
- Separating MTD from DPS could hamper essential administrative functions of the law enforcement mission, could result in duplication of services, and may result in conflicts between MTD and SP enforcement efforts.
- The Department of Public Safety was created with the specific intent of being the focal point for statewide coordination of law enforcement in New Mexico. To remove a law enforcement division from that purpose is contrary to the original intent of providing a coordinated public safety mission for the citizens of New Mexico.

TRD also points out that registration of New Mexico heavy vehicles and interstate carriers is currently handled by the Commercial Vehicles Bureau (“CVB”) of the Motor Vehicle Division of the Taxation and Revenue Department. CVB also registers truckers and processes quarterly returns for the International Fuel tax Act (“IFTA”). Approximately 3000 New Mexico trucking companies are registered with the CVB. The CVB also issues Weight Distance Tax (“WD”) permits and processes quarterly Weight Distance Tax returns for all trucking companies passing through New Mexico (approximately 54,000 companies). The audit function for these programs is performed in the Audit and Compliance Division of the Taxation and Revenue Department. New Mexico is part of the International Registration Plan (“IRP”) and must meet standards for registering, processing and auditing of NM companies registered in NM for IRP. Currently, trucking companies can come to the CVB and get IRP, IFTA and WD credentials at the same time. Creation of a new MTD would eliminate “one stop shopping” for these purposes. TRD is in the process of setting up electronic filing for WD quarterly reporting and putting processing in an automated system. If MTD is authorized to assume the registration function as proposed under the bill, they would need access to this system.

PERFORMANCE IMPLICATIONS

The Department of Public Safety (DPS) indicates that it could suffer dramatically in meeting its performance measures and its enforcement responsibilities by removing more than 100 commissioned officers from its force and placing it under another department. The department feels that this would unnecessarily complicate and interfere with coordinated enforcement and policing efforts between MTD and State Police designed to protect the safety of the New Mexico citizens.

The courts are participating in performance-based budgeting. As a result of challenges to the law and its provisions, this bill may have an impact on the measures of the district courts in the following areas:

- Cases disposed of as a percent of cases filed
- Percent change in case filings by case type
- Clearance rate