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FISCAL IMPACT REPORT

ORIGINAL DATE 02/21/11

SPONSOR Garcia, M.P. LAST UPDATED _____ HB 431

SHORT TITLE Low-Income Car Registration Fee Exemption SB _____

ANALYST Lucero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	(\$451.0)	(\$474.0)	Recurring	State Road Fund
	(\$153.0)	(\$161.0)	Recurring	Local Governments
	(\$35.0)	(\$37.0)	Recurring	TRD-MVD Operating Funds
	(\$10.0)	(\$11.0)	Recurring	County and Municipal MVD Agents
	(\$11.0)	(\$12.0)	Recurring	Highway Infrastructure Fund
	(\$6.0)	(\$6.0)	Recurring	Litter Control and Beautification Fund
	(\$6.0)	(\$6.0)	Recurring	Recycling and Illegal Dumping Fund
	(\$672.0)	(\$706.0)	Recurring	TOTAL

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Minimal		Minimal	Non-Recurring	MVD Operational Funds

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Health Policy Commission (HPC)
 Human Services Department (HSD)
 Governor's Commission on Disability
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 431 enacts a new section of the Motor Vehicle Code to provide an exemption for a disabled person with an annual income of \$15,000 or less from paying vehicle registration fees on one vehicle owned by the person each year. The bill defines a disabled person for the purposes of the section as:

1. lost the permanent and total use of both hands, both arms, both feet, both legs, both eyes or any combination of two thereof; or
2. sustained a brain injury that causes, exclusive of the contribution to the impairment rating arising from any other impairment to any other body part, a permanent impairment of thirty percent or more as determined by the current American Medical Association Guide to the Evaluation of Permanent Impairment.

FISCAL IMPLICATIONS

According to Taxation and Revenue analysis:

There are currently 89,616 individuals with handicap placards. The estimated revenue impact assumes that one quarter of those (22,404) would qualify under the bill’s definition of disabled and are not already taking advantage of the free registration available to 100% disabled veterans. The analysis further assumes that half of those disabled individuals might qualify under the bill’s low-income provisions (11,202), and that all qualified persons currently renew their vehicle registrations annually rather than opting for the two-year registration option.

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2011	FY2012	FY2013	FY2014	FY2015		
(0)	(451)	(474)	(497)	(522)	R	State Road Fund
(0)	(153)	(161)	(169)	(177)	R	Local Governments
(0)	(35)	(37)	(39)	(41)	R	TRD-MVD Operating Funds
(0)	(10)	(11)	(11)	(12)	R	County and Municipal MVD Agents
(0)	(11)	(12)	(12)	(13)	R	Highway Infrastructure Fund
(0)	(6)	(6)	(6)	(6)	R	Litter Control and Beautification Fund
(0)	(6)	(6)	(6)	(6)	R	Recycling and Illegal Dumping Fund
(0)	(672)	(706)	(741)	(778)	R	TOTAL

SIGNIFICANT ISSUES

The Governor’s Commission on Disability indicates that many people with disabilities are below, or well below, the \$15,000 threshold due to lack of employment. People with disabilities are generally employed part time.

ADMINISTRATIVE IMPLICATIONS

The Motor Vehicle Division (MVD) may need to enact comprehensive regulations, including how the annual income will be determined and what evidence is sufficient to show the disability.

TECHNICAL ISSUES

The bill, as currently drafted:

1. Does not address a method to verify the income and/or disability of the disabled person;
2. Could expand the definition of “disabled person” to include persons with less severe disabilities, including those who receive social security income payments or other disability payments;
3. Is silent as to whether the income level is for an individual or a family. While \$15,000 is between 133% - 150% of the Federal Poverty Level (starting April 1, 2010), it would be significantly lower for a family of two or more. Also, it is unclear whether the \$15,000 is gross income or taxable income;
4. The Americans with Disabilities Act does not define “disability” by percentages;
5. The bill should be amended to remove the words “per year” from page 1 line 22 to avoid conflict with current statute;

DL/bym