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FISCAL IMPACT REPORT

SPONSOR Taylor **ORIGINAL DATE** 03/11/11
LAST UPDATED _____ **HB** 554
SHORT TITLE Commercial Driver's License Tests & Address **SB** _____
ANALYST Burrows

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	NFI	NFI		

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Attorney General's Office (AGO)

Indian Affairs Department (IAD)

Department of Public Safety (DPS)

SUMMARY

Synopsis of Bill

House Bill 554 would require the Motor Vehicle Division (MVD) to adopt rules to facilitate a Native American residing on a reservation without physical address to establish New Mexico as the state of domicile for the purpose of obtaining a commercial driver's license (CDL).

The bill would also remove the limits on the number of times per year an applicant would be required to take a skills test to obtain a CDL.

FISCAL IMPLICATIONS

There is no fiscal impact to the state.

SIGNIFICANT ISSUES

The Department of Public Safety notes:

The removal of the time limit in regard to the number of times a CDL applicant may re-test in a year may impact public safety due to the fact that the limit exists in order to help ensure the applicant is fully knowledgeable in regard to the safe operation of a commercial motor vehicle (CMV). Most CMV related crashes are the result of driver error as opposed to a mechanical malfunction of the vehicle. It is imperative that the applicant be well trained and knowledgeable in regard to the safe operation of a CMV before a license is issued. Limiting the number of times a driver may test in a given year will assist in the applicant taking the time needed to gain the knowledge required to eventually pass the test.

TRD reports New Mexico's limit on the number of times and the timeframes was found to be a noteworthy business practice in the 2008 audit. TRD suggests the limit be increased to four or five times per year, or a mandatory minimum wait period could be imposed between test attempts as an alternative.

The Attorney General's Office reports that the bill's facilitation of domicile proof for Native American's could improve access to licensure for this minority group, and could thereby reduce claims against the state for due process. However, TRD suggests that the addition of this language may be unnecessary, since MVD regulations already include provisions allowing the director to determine residency status through other means (see Technical Issues).

They AGO also notes that the removal of limits on the number of tests required could address access issues for those applicants who do not test well, but such limits are generally held to be valid.

ADMINISTRATIVE IMPLICATIONS

TRD reports the CDL knowledge test is taken on field office kiosks. Because of the length of the test and the limited supply of kiosks, there could be a significant backlog of kiosk availability for all self-service transactions, forcing more transactions from self-service to agent-assisted and corresponding delays.

TECHNICAL ISSUES

TRD notes the language on page 2, lines 3-6, is unnecessary. MVD has a regulation in place, 18.19.5.12 NMAC, which allows a variety of documents to prove a physical address. The regulation already allows the director to accept a document not specifically listed in the regulation.

AMENDMENT

A possible amendment would retain the language on page 2, lines 12-14, or set a higher limit on the number of times per year that the applicant could be tested.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If House Bill 554 is not enacted, a Native American residing on a reservation without a physical address may find it difficult to obtain a commercial driver's license. The skills test required to obtain a CDL could be administered no more than three times per year.

LKB/mew

The Legislative Finance Committee has adopted the following principles to guide responsible and effective tax policy decisions:

- 1. Adequacy:*** revenue should be adequate to fund government services.
- 2. Efficiency:*** tax base should be as broad as possible to minimize rates and the structure should minimize economic distortion and avoid excessive reliance on any single tax.
- 3. Equity:*** taxes should be fairly applied across similarly situated taxpayers and across taxpayers with different income levels.
- 4. Simplicity:*** taxes should be as simple as possible to encourage compliance and minimize administrative and audit costs.
- 5. Accountability/Transparency:*** Deductions, credits and exemptions should be easy to monitor and evaluate and be subject to periodic review.

More information about the LFC tax policy principles will soon be available on the LFC website at www.nmlegis.gov/lcs/lfc