

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Adair **ORIGINAL DATE** 02/23/11 **LAST UPDATED** 03/14/11 **HB** _____
SHORT TITLE Free Market for Motor Carriers **SB** 468/aSCORC
ANALYST Lucero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	(\$2.5)	(\$2.5)	Recurring	State Road Fund
	\$0.5	\$0.5	Recurring	State Road Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

SUMMARY

Synopsis of SCORC Amendment

Senate Corporations and Transportation Committee (SCORC) amendment to Senate Bill 468 would make it clear that common motor carriers and towing services performing nonconsensual tows can, if a motor carrier or towing service desires, voluntarily adopt and follow a statewide tariff promulgated by the PRC.

Synopsis of Original Bill

Senate Bill 468 proposes to amend the Motor Carrier Act, to eliminate the authority of the Public Regulation Commission (PRC) to regulate the rates, routes and services of motor carriers of persons, except for motor carriers of ambulance and household goods services.

The bill would require motor carriers of persons, excluding ambulance services, to only prove financial responsibility and vehicle and driver safety prior to obtaining operating authority from the PRC. Under current statute, only a motor carrier of property is required to prove financial responsibility and vehicle and driver safety.

FISCAL IMPLICATIONS

The PRC does not believe there are any additional fiscal implications as a result of the SCORC amendment.

The PRC provides that the fiscal implications include:

Revenue collected by the PRC Transportation Division under the Motor Carrier Act is transferred to the State Road Fund. The application fee for a certificate or permit is currently \$250 and the filing fee for a Form E insurance filing is \$15. In its present form, the Motor Carrier Act requires from each motor carrier, a Form E as proof of public liability insurance. Because motor carriers can and often do change insurance companies, the PRC sometimes receives multiple Form E filings and the accompanying \$15 fee from the same motor carrier in any one year.

In FY 10, the PRC received a total of 10 certificate and permit applications for motor carriers of persons representing \$2,500 in revenue. Also in FY 10, the PRC received a total of 1,983 Form E filings representing \$29,745 in revenue. The bill would eliminate the certificate and permit application fees and Form E fees and would reduce State Road Fund distributions a total of \$32,245.

However, the PRC believes that a portion of the lost revenue may be made up from motor carriers applying for warrants, which requires a \$25 application fee. Warrants allow for commercial transportation of people without having to prove that there is a “public need” for the service.

SIGNIFICANT ISSUES

The SCORC amendment addressed the suggested amendment identified below. The amendment would make clear that adhering to a PRC statewide common tariff for common motor carriers and towing services performing nonconsensual tows would be voluntary at the option of the motor carrier. The motor carrier of persons or towing service performing nonconsensual towing under the current Motor Carrier Act or under SB 468 would still have the option of filing their own tariff with the PRC.

Currently, a person seeking to obtain an operating authority from the PRC to operate as a motor carrier of persons must obtain a certificate or permit. The applicant for a certificate or permit as a motor carrier of persons is required to send the notice of the application to all motor carriers holding similar authority and to have the notice of application published in a newspaper of statewide circulation. The applicant is also currently required to prove a public need for the transportation services and if objected to, has the burden of proving public need at an adjudicatory hearing in front of the PRC before obtaining the certificate or permit.

ADMINISTRATIVE IMPLICATIONS

The processing of certificate and permit applications, whether contested or not, and Form E insurance filing takes a significant amount of time of the Staff of Transportation Division of the PRC. If the bill became law, motor carriers of persons, would apply for a warrant, instead of applying for certificates and permits. Processing warrants is a significantly less burdensome on staff of the PRC. However, there were only 10 certificate and permit applications for motor carriers of persons in FY10.

In addition, because the State of New Mexico is the only state that requires a fee with each Form E insurance filing, insurance companies, cannot use nationally available electronic filing systems when submitting Form E filings to the PRC. Instead, PRC staff manually enters the information into the PRC's computer system and stores the submitted Form E document in the motor carrier's file. If the bill became law, and to the extent that an insurance company would use an electronic filing method, the administrative burden on Staff of the Transportation Division of the Commission would be reduced significantly.

AMENDMENTS

The SCORC amendment resolves the PRC's suggested bill change:

On page 29, line 15 after the word, "tows" insert a comma and the words, "provided a motor carrier requests and desires to adhere to a statewide common tariff." This amendment would make clear that adhering to a PRC statewide common tariff for common motor carriers and towing services performing nonconsensual tows would be voluntary at the option of the motor carrier. The motor carrier of persons or towing service performing nonconsensual towing under the current Motor Carrier Act or under SB 468 would still have the option of filing their own tariff with the PRC.

DL/svb:bym