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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 2/18/15  
**LAST UPDATED** \_\_\_\_\_ **HB** 377

**SPONSOR** Gonzales

**SHORT TITLE** Vehicle International Registration Plan **SB** \_\_\_\_\_

**ANALYST** Malone

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
	\$67.0	\$67.0	Recurring	State Road Fund
	\$23.0	\$23.0	Recurring	Counties and Municipalities
	<b>\$90.0</b>	<b>\$90.0</b>	<b>Recurring</b>	<b>Total</b>

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Transportation (DOT)  
 Taxation and Revenue Department (TRD)  
 Department of Public Safety (DPS)

### SUMMARY

#### Synopsis of Bill

House Bill 377 amends several sections of the Motor Vehicle Code to comply with new International Registration Plan (IRP) rules related to interstate registration of motor carriers.

The IRP member jurisdictions (including New Mexico) adopted a new collection model called the Full Reciprocity Plan (FRP) in Ballot 384 at the end of 2013. HB 377 makes conforming amendments to New Mexico's IRP statutes that align with changes adopted by the IRP members (the 48 contiguous United States, the District of Columbia and the ten Canadian provinces).

## **FISCAL IMPLICATIONS**

Before IRP member jurisdictions voted on the FRP model, the IRP, Inc. Board of Directors commissioned a study of the impact of the proposed change. The study, prepared by the Freight Policy Transportation Institute, Transportation Research Group of Washington State University, estimated that the fiscal impact on revenue in New Mexico would be \$90 thousand annually.<sup>1</sup> Municipalities and counties receive a little over one-quarter of all vehicle registration revenue and the State Road Fund receives the remainder (as broken-out above in the revenue table). NMDOT notes that the results of the study have not been approved or independently verified by the department of the IRP Repository.

## **SIGNIFICANT ISSUES**

The “International Registration Plan” means the registration reciprocity agreement among the contiguous states of the United States, the District of Columbia and provinces of Canada providing for payment of apportionable fees on the basis of total distance operated in all jurisdictions. The IRP is a method of registering fleets of vehicles that travel in two or more member jurisdictions and complies with public law 102-240, the federal Intermodal Surface Transportation and Efficiency Act of 1991. There are 59 participating IRP jurisdictions, including 48 states, the District of Columbia and 10 Canadian provinces.

Under current statute, a motor carrier selects the jurisdictions in which the carrier intends to travel, and the registration cab card reflects only those jurisdictions. The registration fee is calculated based on an average per vehicle distance chart. If a carrier decides to travel in a jurisdiction not listed on the original cab card, the carrier must submit and pay for a supplemental application to include that jurisdiction. When the initial registration expires the carrier reports actual miles travelled in each jurisdiction and is only charged for those actual miles in subsequent years.

On October 25, 2013, New Mexico (via its TRD representative) voted to adopt the FRP model changes to the IRP agreement; subsequently, almost 90% of other member jurisdictions also voted in favor of the changes proposed in Ballot 384, and they were incorporated into the current IRP.

The changes implemented by Ballot 384 dictate that when a carrier’s fleet is considered new under Full Reciprocity the fees will be calculated using New Mexico's average per vehicle distance chart. A new carrier will be registered in all 59 IRP jurisdictions, which provides more flexibility when the carrier must travel in a jurisdiction it hadn’t previously anticipated traveling in. Upon renewal under the Full Reciprocity Plan, as is currently the case, carriers will report and pay only for the actual miles travelled during the reporting period.

## **ADMINISTRATIVE IMPLICATIONS**

TRD notes that The Motor Vehicle Division’s (MVD) IRP software provider, like all of the established providers of IRP support systems, is set up to comply with current IRP rules and processes. Without extensive and expensive custom programming, it will soon be unable to support MVD’s current IRP registration activities, including proportionate distribution of

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<sup>1</sup> The study and the 384 Ballot proposal are available at <http://www.irponline.org/?page=FRPBallot>.

registration fees through IRP to the other jurisdictions and receipt of New Mexico's share of registration fees from them. MVD's IRP system contractor is ready to switch over to full compliance in short order and with less effort than is currently required for system workarounds necessitated by non-compliance.

### **OTHER SUBSTANTIVE ISSUES**

According to NMDOT, New Mexico collects almost \$6 million of its Vehicle Registration fees annually via the IRP system from interstate trucks based in New Mexico and other states. For example, if an interstate trucker from another state traveled 10% of his or her total mileage in New Mexico, the State would receive 10% of the \$172 registration fee or \$17.20 from him or her, or if a New Mexico based trucker traveled 10% of his or her total mileage in Arizona he or she would pay 10% of Arizona's total registration fee \$3,957 (\$395.70) to Arizona. See attached registration by state table.

The vast majority of truck miles in New Mexico are driven by interstate truckers on I-10 and I-40. See attached map of Freight Flows by Highway, Railroad, and Waterway: 2010.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

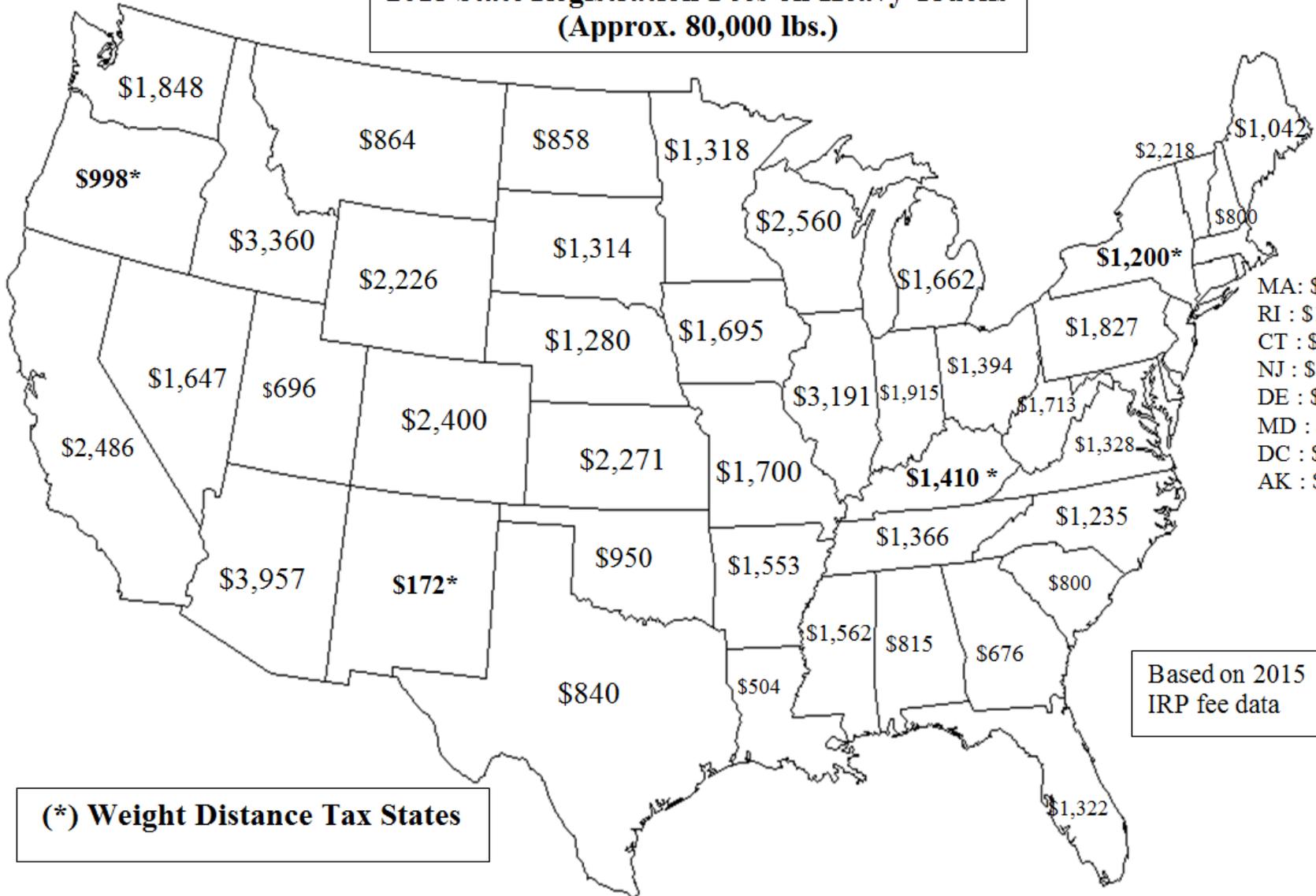
NMDOT notes that the amendments proposed by HB 377 are needed to follow through on the changes adopted by the IRP body; if New Mexico does not follow through, it may be subject to disciplinary action by the Dispute Resolution Board of the IRP. It is not clear what punitive measures they would begin to take against New Mexico.

TRD observes that there could be multiple ramifications for failing to comply with the revised plan. These include but are not limited to:

- a loss in fees paid to NM from other jurisdictions;
- responsibility for lost fees owed to other jurisdictions by NM carriers;
- possible sanctions by IRP Inc.; and
- technical incompatibilities with our current IT system.

CEM/aml

**2015 State Registration Fees on Heavy Trucks  
(Approx. 80,000 lbs.)**



MA: \$1,596  
 RI : \$1,044  
 CT : \$1,546  
 NJ : \$1,233  
 DE : \$1,390  
 MD : \$1,800  
 DC : \$2,325  
 AK : \$500

Based on 2015  
 IRP fee data

(\* ) Weight Distance Tax States

### Freight Flows by Highway, Railroad, and Waterway: 2010



**Sources:** **Highways:** U.S. Department of Transportation, Federal Highway Administration, *Freight Analysis Framework*, Version 3.4, 2013; **Rail:** Based on Surface Transportation Board, Annual Carload Waybill Sample and rail freight flow assignments done by Oak Ridge National Laboratory; **Inland Waterways:** U.S. Army Corps of Engineers, Institute of Water Resources, Annual Vessel Operating Activity and Lock Performance Monitoring System data, 2013.