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## FISCAL IMPACT REPORT

<b>SPONSOR</b>	Rehm/Powdrell- Culbert/Ruiloba	<b>ORIGINAL DATE</b>	2/9/17	<b>LAST UPDATED</b>	2/15/17	<b>HB</b>	269/ec
<b>SHORT TITLE</b>	Relating to Insurance Fraud; Creating additional powers					<b>SB</b>	
				<b>ANALYST</b>	Martinez		

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$400.0	\$400.0	\$800.0	Recurring	Insurance Fraud Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of Superintendent of Insurance (OSI)

### SUMMARY

#### Synopsis of Bill

This bill will create, staff and maintain the auto theft prevention authority, giving the Superintendent of Insurance the authority to assist local law enforcement agencies and local prosecutors offices in preventing, investigating and prosecuting auto theft related crimes throughout New Mexico by enhancing law enforcement capabilities in providing timely, viable and reliable intelligence through partnership, collaboration and cooperation that will lead to community based policing and potentially a reduction in insurance premiums to the consumer. The passage of the bill will support vehicle theft prevention, public awareness and community education.

### FISCAL IMPLICATIONS

The Office of the Superintendent of Insurance (OSI) does not foresee any additional funding requirement and can absorb costs within the current operating budget. The Insurance Fraud Fund will be utilized to fund the auto theft authority as it is currently being used to fund the insurance fraud portion of the statute. OSI estimates that it will use \$400 thousand of the Insurance Fraud Fund for all requirements in HB269.

## **SIGNIFICANT ISSUES**

The crime of automobile theft and insurance fraud are a significant component in the State's overall serious crime increase. If not addressed, New Mexico's current auto theft problem will eventually lead to significant increases in auto and property insurance premiums. The proposed changes will give the Superintendent of Insurance the authority to help local law enforcement and prosecutors in curbing auto theft and insurance fraud throughout New Mexico.

## **PERFORMANCE IMPLICATIONS**

Reduce auto theft throughout New Mexico, with the hope of minimizing the increase, and perhaps helping to eventually lower, premiums paid for auto and property insurance by the citizens of New Mexico. The ultimate goal is to have a collaborative effort among law enforcement agencies in New Mexico in recovering stolen property and to experience an overall decrease in criminal activity.

## **ADMINISTRATIVE IMPLICATIONS**

The Office of the Superintendent is currently working to curb auto thefts with Albuquerque metro and local law enforcement agencies and the district attorneys' offices in an organized taskforce. The creation of the auto authority will eventually allow these efforts to have statewide implications.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

The Office of the Superintendent is currently working in cooperation with metro and local law enforcement and district attorneys' offices. This does not take away any authority of local law enforcement or district attorneys' offices, but allows the Office of the Superintendent to supplement the efforts of those agencies. These duties will not be duplicated, as the creation of the Auto Theft Authority Taskforce allows all of the relevant agencies to work together and join to investigate and prosecute auto theft.

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

The following was provided by the Office of the Superintendent of Insurance;

Currently, Albuquerque is predicted to be named the number one city in the nation for auto theft. Auto theft in Albuquerque is up 20% from 2015 and surrounding communities have reported an increase in the number of reported auto thefts. In 2016 the media reported approximately six carjackings a month statewide. Based on current trends, the state will see a total loss of 13,656 vehicles. Current data suggests that 25% of stolen vehicles are being recovered. The remaining unrecovered vehicles account for \$65,548,800 in lost assets. (Please note this number only estimates the losses of value of the vehicles' stolen and not the additional losses of personal property, wages and time, insurance deductibles as well as peace of mind and safety of consumers.)

The auto theft problem that faces the state has far reaching implications across New Mexico. Businesses will be less likely to locate to the State of New Mexico because of the high crime rate associated with auto and property theft. Insurance companies are paying out more and more

because of auto and property thefts in New Mexico, which will eventually cause significant increases in auto and property insurance premiums. Although stolen vehicles may be viewed as a simple property crime, it is the first harmful event in a series of more vicious and violent crimes. Furthermore, auto theft can be linked to a wide spectrum of criminal behavior, including burglary, home invasions, drive by shootings, drug and human trafficking, criminal street gangs, professional chop shops/exporters, homicide, and includes numerous repeat offenders of many types.

JM/al/jle