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FISCAL IMPACT REPORT

SPONSOR Rehm ORIGINAL DATE 1/29/18
LAST UPDATED 2/8/18 HB 173/aHAFC/ec

SHORT TITLE Auto Theft Prevention Authority SB _____

ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	Insurance Fraud Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

RELATES TO: House Bill 302

Responses Received From

Office of Superintendent of Insurance (OSI)

SUMMARY

Synopsis of HAFC amendment:

The House Appropriations and Finance Committee amendment removes the \$100 thousand general fund appropriation to the Insurance Fraud Fund. The HAFC amendment also requires the authority to report to the Legislative Finance Committee every year by Nov 1st.

Synopsis of Original Bill

House Bill 173 will create the Automobile Theft Prevention Authority within the Office of the Superintendent of Insurance.

The Authority will be governed by a board of directors. The board will consist of nine members as follows:

- The Superintendent of Insurance
- The Director of the Administrative Office of the District Attorney
- Seven members appointed by the Superintendent as follows:
 - Four representatives from different insurance companies
 - Two representatives from different law enforcement agencies
 - One representative from the public.

House Bill 173 contains an emergency clause.

FISCAL IMPLICATIONS

HB173 amendment removes the appropriation to the Insurance Fraud Fund within the Office of the Superintendent of Insurance. According to the Office of Superintendent of Insurance, the Insurance Fraud Fund had a \$358 thousand fund balance at the end of FY17, and is projecting revenues of \$1.5 million in FY18 and \$1.6 million in FY19.

The authority may seek and receive grant funding from federal, state to local governments or private philanthropic organizations to defray the costs of operating automobile theft prevention programs or programs for the enforcement or prosecution of automobile theft crimes.

The authority can give grants to improve and support local automobile theft prevention programs or programs for the enforcement or prosecution of automobile theft crimes. The receiving entity shall report to the authority on or before December 1, of every year.

SIGNIFICANT ISSUES

On or before November 1, of every year, the authority will report to the Legislative Finance Committee on the finances of the Authority.

HB173 will require a great amount of additional workload for the Superintendent of Insurance and applicable staff. At this time, the agency is already suffering from overload of work duties and appropriate staff levels. The Office of Superintendent of Insurance did not provide a breakdown of what employees in specific bureaus, or how many employees will be focused on the Automobile Theft Prevention Authority if it is enacted. This is crucial information in order to understand the effects on the agency and the additional costs that may be associated.

The following significant issues were provided by the Office of Superintendent of Insurance:

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

The following performance implications were provided by the Office of Superintendent of Insurance:

To 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. The Office of the Superintendent is currently working to curb auto thefts with the New Mexico Multi-Jurisdictional Auto theft task force. The Office of the

Superintendent of Insurance would need an additional four to five new Full Time Employees to fully staff this new agency.

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.

ADMINISTRATIVE IMPLICATIONS

The Office of the Superintendent is currently working to curb auto thefts with the New Mexico Multi-Jurisdictional Auto theft task force.

RELATES to HB302 which creates the Automobile Theft Prevention Act and the Automobile Theft Prevention Commission and creates a fee payable to the Office of the Superintendent of Insurance.

JM/sb/al/jle