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FISCAL IMPACT REPORT

ORIGINAL DATE 02/24/21

SPONSOR Shendo LAST UPDATED _____ HB _____

SHORT TITLE Dept. of Trans Collection of Damages SB 325

ANALYST Jorgensen

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23		
	\$90.0	\$90.0	Recurring	State Road Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Transportation (DOT)

SUMMARY

Synopsis of Bill

Senate Bill 325 (SB325) includes traffic control and safety devices in the list of public roadway infrastructure protected under Section 67-7-10 NMSA 1978. Additionally, the bill provides that the owner and operator of a vehicle, truck, tractor or engine that causes damage to any public highway, street, road, bridge, culvert, sign, signpost, other traffic control or safety device or structure shall be liable to the state, county or municipality for the actual damage caused, and allows DOT to enter settlement agreements for damages.

FISCAL IMPLICATIONS

Though the actual value gained through settlement is unpredictable, DOT estimates an increase in revenue at around \$89,985 or about a 20 percent increase in total collection. These recoveries would be directed to the state road fund.

SIGNIFICANT ISSUES

DOT states that SB 325 provides DOT the means to settle outstanding claims for damage of state-owned highway, street, road, bridge, structure, traffic control device or safety devices, and DOT does not have the ability to settle claims. Without settlement authority, DOT's only two options

are to absorb the loss or to litigate. SB325 provides the DOT authority to settle and outsource collections similar to that of the Tax and Revenue Department.

DOT reports:

Over the past three fiscal years (2018, 2019 and 2020), DOT has identified the total value of claims submitted for recovery at \$1,055,858. Unable to resolve outstanding claims outside DOT-assessed value or litigation, DOT has collected against those outstanding claims a total of only \$335,748, for an estimated loss of \$720,110. (Collection results are not only from that fiscal year, but also from previous fiscal years.) For fiscal year 2019, the total amount of unrecovered claims is \$402,903. For fiscal year 2020, the total amount of unrecovered claims is \$449,923.

CJ/sb