

**BILL ANALYSIS AND FISCAL IMPACT REPORT**  
**Taxation and Revenue Department**

**January 27, 2024**

**Bill:** SB-184

**Sponsor:** Senator Roberto “Bobby” J. Gonzales

**Short Title:** Motor Vehicle Tax Distributions

**Description:** This bill amends Section 7-14-10 NMSA 1978 to provide that 75% of proceeds from the motor vehicle excise tax (MVEX) be distributed to the road fund and 25% to the transportation project fund. That section currently provides that 59.39% of the revenues go to the general fund, 21.86% to the state road fund, and 18.75% to the transportation project fund, which benefits local road projects.

**Effective Date:** July 1, 2024

**Taxation and Revenue Department Analyst:** Asif Rasool and Lucinda Sydow

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2024	FY2025	FY2026	FY2027	FY2028		
--	(\$166,400)	(\$171,200)	(\$176,900)	(\$182,700)	R	General Fund
--	\$148,900	\$153,200	\$158,300	\$163,500	R	State Road Fund
--	\$17,500	\$18,000	\$18,600	\$19,200	R	Transportation Project Fund (local)

\* In thousands of dollars. Parentheses ( ) indicate a revenue loss. \*\* Recurring (R) or Non-Recurring (NR).

**Methodology for Estimated Revenue Impact:** The Taxation and Revenue Department (Tax & Rev) applied the proposed distribution rates allocating 75% to the Road Fund and 25% to the Transportation Project Fund, to the current Consensus Revenue Estimating Group’s (CREG) December 2023 MVEX forecast.

**Policy Issues:** Directing all MVEX revenue to the state road fund and local governments road funds is a supportable earmark since the cost of maintaining roads is directly tied to vehicle sales, which contribute to road deterioration. This would enable direct planning of budget use with forecasted MVEX revenue. This proposal though would eliminate a recurring General Fund revenue source, reducing the legislature’s budgetary flexibility with respect to the broad appropriation needs of the general fund in future years. In FY23, MVEX contributed \$164.7 million to the General Fund, or approximately 1.4% of recurring General Fund revenue.

**Technical Issues:** None.

**Other Issues:** None.

**Administrative & Compliance Impact:** This bill is anticipated to have a low impact on Tax & Rev’s Administrative Services Division (ASD). Tax & Rev will update the Tapestry System’s general ledger and reporting. It is anticipated this work will take approximately 60 hours split between 2 full-time equivalent (FTE) of a pay band 65 and a pay band 80 at a cost of approximately \$2,800.

Implementing this bill will have a low impact on Tax & Rev’s Information Technology Division (ITD), approximately 240 hours or 1 ½ months for an estimated \$13,320 of staff workload costs.

<b>Estimated Additional Operating Budget Impact*</b>				<b>R or NR**</b>	<b>Fund(s) or Agency Affected</b>
<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>3 Year Total Cost</b>		
--	\$2.8	--	\$2.8	NR	Tax & Rev- ASD operating
\$13.3	--	--	\$13.3	NR	Tax & Rev- ITD staff workload

\* In thousands of dollars. Parentheses ( ) indicate a cost saving. \*\* Recurring (R) or Non-Recurring (NR).

**Related Bills:** Conflicts with SB-65 and HB-146