

LFC Requester:	None
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 01/31/24

Bill No: Senate Bill 184

Sponsor: Sen. Bobbie Gonzales
Short Title: Motor Vehicle Tax Distributions

Agency Name and Code Administrative Hearings Office, #340
Number: _____
Person Writing Brian VanDenzen
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
\$0.0	Up to \$210.0	Up to \$210.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 184 (SB 184) changes the distribution of the proceeds of the Motor Vehicle Excise Tax (MVET) from the “motor vehicle suspense fund,” where those proceeds are deposited. Starting July 1, 2024, SB 184 eliminates distribution of proceeds from the MVET deposited in the “motor vehicle suspense fund” to the state General Fund. Instead, the bill increases the MVET deposited in the motor revenue distribution to the State Road Fund from 21.86% to 75%, and to the Transportation Project Fund from 18.75% to 25%

FISCAL IMPLICATIONS

The Administrative Hearings Office (AHO)’s operating budget historically has included proceeds from the motor vehicle suspense fund. The reason for this transfer, at least so far as I understood it from various analysts, is that MVD collects hearing fees under various statutory and regulatory requirements that are apparently deposited into the motor vehicle suspense fund, and since AHO took over hearing functions from MVD when it became an agency in 2015, it made sense to transfer out of this fund into AHO’s operating budget for conducting the hearings.

In the current fiscal year, AHO received a transfer of \$165K from the motor vehicle suspense fund as part of its operating budget. The current version of HB2, as amended by HAFB, proposed a transfer of \$210K from the motor vehicle suspense fund into AHO’s FY25 operating budget.

While AHO has no material position on merits of the bill. However, without knowing the full scope of other sources/revenue deposited into the motor vehicle suspense fund, AHO does have a concern that elimination of distributions from MVET out of the motor vehicle suspense fund to the general fund may impact the current transfer of money from the motor vehicle suspense fund into AHO’s operating budget. To the extent there would insufficient remaining funds in the motor vehicle suspense fund outside of the MVET distributions, AHO’s operating budget might require additional general funds or other revenue sources in order to ensure AHO could meet its basic operating budget needs.

AHO recognizes there are other funding sources deposited into the motor vehicle suspense fund under 66-6-21.1 NMAC 1978 beyond MVET that would ameliorate this concern, but simply does not have detailed picture/information of the other non-MVET fund transfers into the motor vehicle suspense fund. Without that information, elimination of the MVET distribution from the

motor vehicle suspense might impact AHO.

SIGNIFICANT ISSUES

Again, AHO has no material concerns about the merits of the bill. However, AHO wishes to point out that the change of the distribution from the motor vehicle suspense fund *could* leave a potential gap in AHO's operating budget, which is built partially upon the transfer of those funds out of the motor vehicle suspense funds.

AHO again recognizes there are other funding sources deposited into the motor vehicle suspense fund under 66-6-21.1 NMAC 1978 beyond MVET that would ameliorate this concern, but simply does not have detailed picture/information of the other non-MVET fund transfers into the motor vehicle suspense fund. Without that information, elimination of the MVET distribution from the motor vehicle suspense might impact AHO.

PERFORMANCE IMPLICATIONS

Loss of up to \$210K in the motor vehicle suspense would involve a loss of approximately 11% of AHO's operating budget. That would negatively impact the agency's ability to function, meet payroll, meet other financial obligations, all of which could undermine the agency's ability to perform its statutorily-mandated work.

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ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS