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FISCAL IMPACT REPORT

SPONSOR <u>Rehm/Vincent</u>	LAST UPDATED <u>2/13/2024</u> ORIGINAL DATE <u>1/22/2024</u>
SHORT TITLE <u>Catalytic Converter Engraving Tools</u>	BILL NUMBER <u>House Bill 43/aHJC</u>
ANALYST <u>Hanika-Ortiz</u>	

APPROPRIATION* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$400.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Department of Public Safety (DPS)
 Regulation and Licensing Department (RLD)
 New Mexico Attorney General (NMAG)
 Office of the Superintendent of Insurance (OSI)

SUMMARY

Synopsis of HJC Amendment to House Bill 43

The House Judiciary Committee amendment to House Bill 43 redirects the appropriation to the Automobile Theft Prevention Authority (authority) at OSI to purchase the engraving tools and administer the loan program. The amendment also reduces the length of a loan to six months.

SIGNIFICANT ISSUES

Under Section 59A-16C-17 NMSA 1978, the board of this authority may award grants for auto theft prevention programs with priority given to law enforcement and multi-jurisdictional programs. This section includes annual reporting requirements for grantees as well as for the authority to the Legislature. When this appropriation is expended, OSI may need to seek a new revenue source or general fund appropriation to continue to administer the program statewide.

Synopsis of Original House Bill 43

House Bill 43 appropriates \$400 thousand from the general fund to DPS to purchase and loan out equipment to engrave a vehicle identification number onto a vehicle's catalytic converter. DPS will also be required to loan out the equipment to law enforcement agencies and motor vehicle repair or service shops that agree to provide this service for New Mexico residents at no cost.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

The appropriation of \$400 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance at the end of FY25 or any fiscal year shall not revert to the general fund. Once expended, the engraving equipment will still need to be maintained and renewed yet the bill is silent as to how that will be funded by the authority.

SIGNIFICANT ISSUES

HB43 is an attempt to reduce incidences of property crimes involving catalytic converters in New Mexico. Catalytic converters are a target for thieves due to the current market value of a catalytic converter's precious metals, the ease of removal, and the inability to track converters.

HB43 also proposes that loans 1) be for one tool at a time per organization, 2) be for a maximum renewable term of 24 months, and 3) require that DPS retains ownership of the tools.

HB43 further specifies that DPS may create other loan requirements or conditions, as necessary.

ADMINISTRATIVE IMPLICATIONS

DPS suggests the engraving equipment varies from \$5 thousand to \$16 thousand per unit. If true, it is not entirely clear if the appropriation is sufficient to meet the bill's intent including costs for DPS to enter into agreements and track and maintain the equipment throughout the state.

OTHER SUBSTANTIVE ISSUES

According to RLD, a substantial obstacle to enforcing laws prohibiting the theft of catalytic converters and enforcing penalties against secondhand metal dealers who purchase stolen converters, is that it is currently difficult to identify a catalytic converter as stolen and trace it back to its owner.

AHO/al/ne