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FISCAL IMPACT REPORT

BILL NUMBER: House Memorial 23

SHORT TITLE: Study Motor Vehicle Inspection Program

SPONSOR: Ferrary/Hochman-Vigil/De La Cruz/Lara

LAST ORIGINAL
UPDATE: _____ **DATE:** 2/2/2026 **ANALYST:** Montano

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
RLD	\$20.0	\$30.0	No fiscal impact	\$50.0	Nonrecurring	General Fund
TRD/MVD	*See Fiscal Implications					

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Taxation and Revenue Department

Regulation and Licensing Department

SUMMARY

Synopsis of House Memorial 23

House Memorial 23 (HM23) directs the Taxation and Revenue Department (TRD) and the Regulation and Licensing Department (RLD) to research and study the benefits of reestablishing a statewide motor vehicle safety inspection program. HM23 also directs TRD and RLD to report on the results of the study and recommend how to efficiently implement such a program to the Department of Transportation, the Department of Public Safety, the governor and the Legislative Council Service (LCS).

This request comes from a previous study that was done by Cambridge systematics for the Pennsylvania Department of Transportation, and the results showed that jurisdictions with motor vehicle safety inspection programs had significantly fewer fatal crashes than jurisdictions without such programs. A similar result was mimicked by a national study done by Carnegie Melon, which showed strong evidence that jurisdictions typically experience lower roadway fatalities due to an active motor vehicle safety inspection program. The National Highway Safety Administration has also stated that states should have a program tied directly to enforcing the

safety of motor vehicles.

HM23 directs TRD and RLD to conduct this study during the 2026 legislative interim in preparation for the 2027 legislative session.

FISCAL IMPLICATIONS

RLD had the following information regarding the fiscal implications of HM23:

HM23 contains no language addressing the costs that will be incurred by the RLD when researching and studying the benefits of reestablishing a statewide motor vehicle safety inspection program. Although the RLD regularly conducts inspections relevant to a large number of specific professions and industries in New Mexico, the RLD has no programs or staff trained to conduct inspections of motor vehicles as contemplated in this Memorial. HM23 mandates the study and report are to be completed during the 2026 legislative interim, so all costs would occur in FY26 and FY27. Therefore, the RLD anticipates the need to contract individuals or institutions with expertise in motor vehicles and motor vehicle safety inspections, requiring a minimal level of funding of fifty thousand (\$50,000.00) dollars to be spread over the end of FY26 and the first half of FY27. For the RLD to begin and facilitate the work necessary to organize and conduct the study, as well as produce a thorough and comprehensive report, the RLD would require additional funding for the Department's FY26 budget of twenty thousand dollars (\$20,000) and then an additional thirty thousand dollars (\$30,000) in FY27.

TRD did not provide a monetary cost associated with HM23, however, TRD did mention that the Motor Vehicle Division (MVD) of TRD “does not conduct mechanical inspections, license or regulate mechanics or inspection stations, establish vehicle safety engineering standards, or enforce mechanical repair compliance” (TRD). The enactment of HM23 may require TRD to contract professionals to provide the analysis required by HM23.

SIGNIFICANT ISSUES

TRD had the following to say about significant issues regarding the enactment of HM23:

Motor vehicle inspection programs may identify hidden issues early, allowing preventive maintenance and reducing expensive repairs for owners. Mandatory vehicle inspections may cause inconveniences for owners such as annual visits and unexpected repair costs for unnecessary fixes that are recommended by an inspector that may not have any impact on the road worthiness of a vehicle. Many states have eliminated their vehicle safety programs citing failure to establish a significant link between inspections and reduced crash rates. Other factors include administrative burdens, saving owners time and money, and modern vehicle reliability.

While MVD may be able to provide limited administrative data (e.g., vehicle registration statistics), leadership of the study would more appropriately reside with agencies that have transportation safety, regulatory licensing, or enforcement authority. Without clarification of agency roles, the memorial may create expectations that exceed MVD's statutory authority and technical capacity.

ADMINISTRATIVE IMPLICATIONS

TRD had the following information regarding administrative implications:

New Mexico previously discontinued its vehicle safety inspection program in the 1970s due to administrative burden. Since that time, the state no longer maintains an inspection station network, inspector licensing framework, enforcement model, or compliance audit structure. Reestablishing such a program would require substantial policy, regulatory, and operational development beyond existing MVD systems.

OTHER SUBSTANTIVE ISSUES

TRD had requested to omit MVD from HM23 due to the following reasons:

MVD's statutory and operational role is administrative in nature, focusing on driver licensing, vehicle titling, and registration. MVD does not conduct mechanical inspections, license or regulate mechanics or inspection stations, establish vehicle safety engineering standards, or enforce mechanical repair compliance. As such, MVD does not possess the technical expertise necessary to evaluate or design a statewide motor vehicle safety inspection program. It is recommended that MVD's role be omitted from this memorial.

NM/ct/cf/sgs