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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/16

SPONSOR Brown/Harper LAST UPDATED _____ HB 272

SHORT TITLE Motor Tax to Road Funds SB _____

ANALYST Alejandro

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18	FY19	FY20		
(\$0.0)	(\$0.0)	(\$13,000.0)	(\$161,000.0)	(\$164,000.0)	Recurring	General Fund
\$0.0	\$0.0	\$6,500.0	\$80,500.0	\$82,000.0	Recurring	State Road Fund
\$0.0	\$0.0	\$6,500.0	\$80,500.0	\$82,000.0	Recurring	Local Governments Road Fund – County Arterial
\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		Total

Parenthesis () indicate revenue decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
Department of Transportation (DOT)

SUMMARY

Synopsis of Bill

House Bill 272 seeks to redistribute the motor vehicle excise tax in its entirety from the general fund beginning in FY19. The State Road Fund would receive 50 percent of the revenue, and the remaining 50 percent would be distributed to the county arterial program of the Local Governments Road Fund.

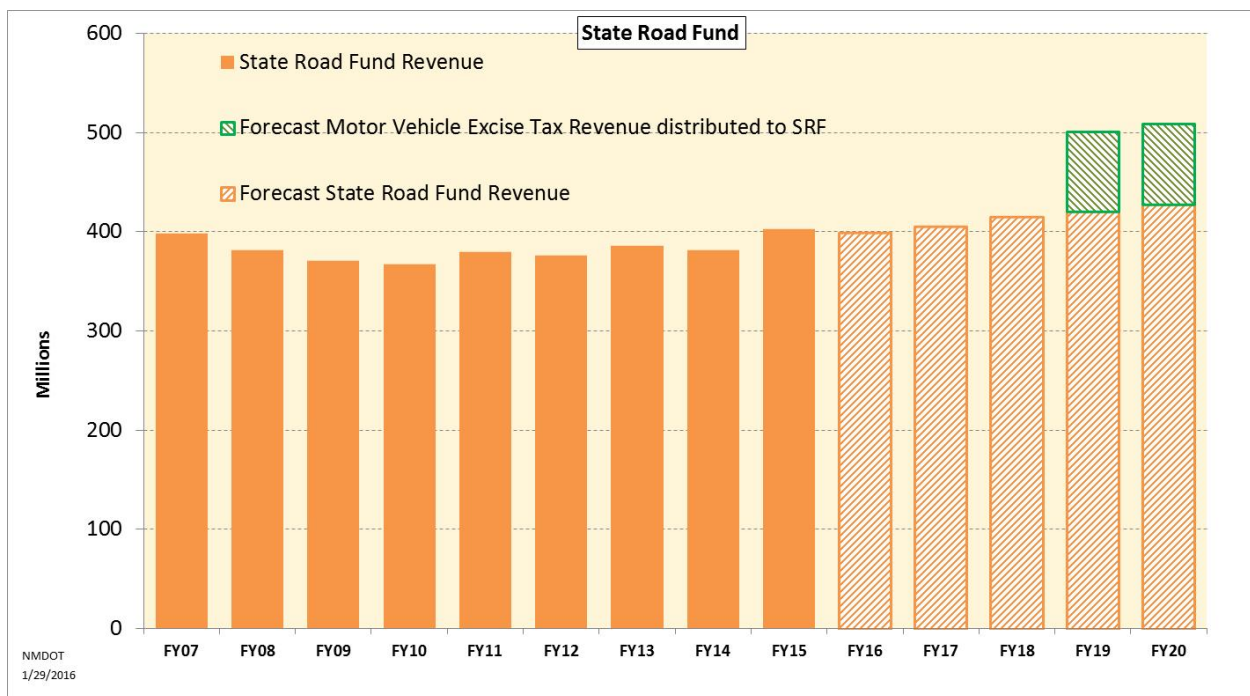
The effective date of this bill is July 1, 2018.

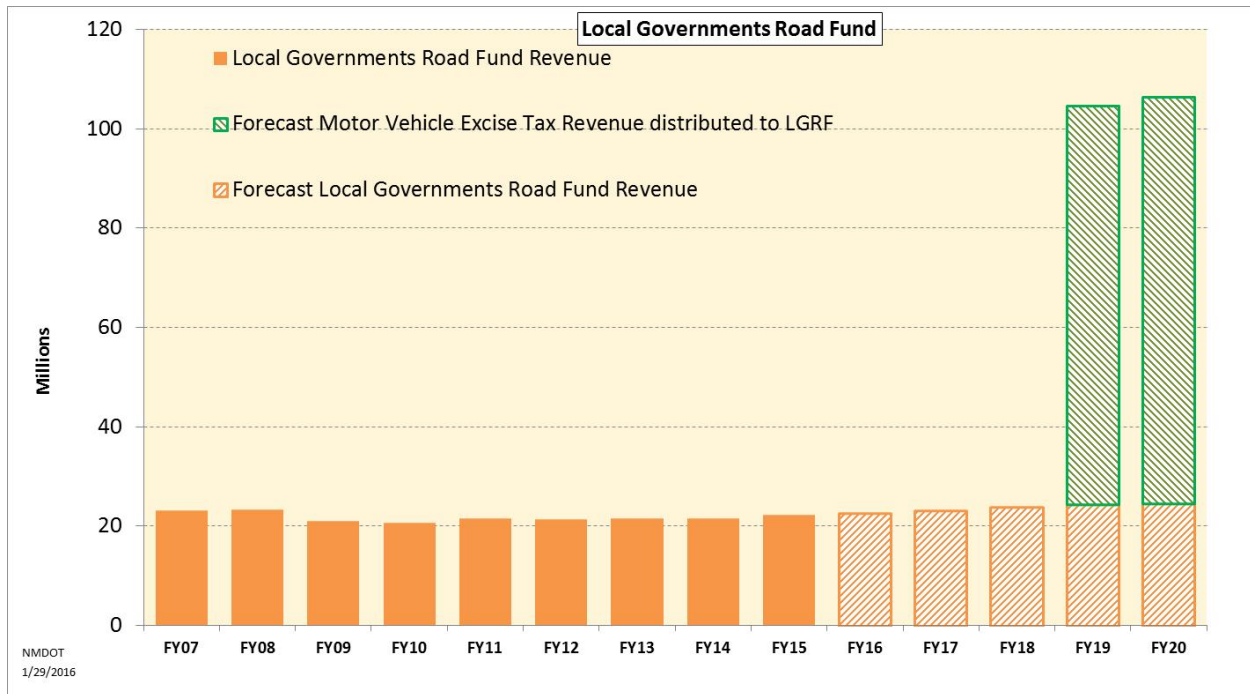
FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) estimated the revenue impact using the projected motor vehicle excise tax revenues from the January 2016 Consensus Revenue Forecast. Current statute indicates that one hundred percent of the receipts from the motor vehicle excise tax shall be distributed to the General Fund. This proposal creates two appropriations of the motor vehicle excise tax from the General Fund to the State Road Fund, and the Local Governments Road Fund County Arterial Program. The appropriation represents a revenue loss to the General Fund, and a revenue gain to the State Road Fund, and the Local Governments Road Fund County Arterial Program. As currently written, TRD estimated the revenue impact based on distributions made beginning July 1, 2018, using the revenues beginning June 2018.

The New Mexico Department of Transportation (DOT) indicates that the bill increases the overall State Road Fund revenue by approximately 19 percent in FY19, and the same percentage in FY20. Further, the bill increases the Local Governments Road Fund revenue by approximately 333 percent in FY 2019 and in FY 2020, however, the increased revenue is directed entirely to the county arterial program.

This revenue estimate is based on the December 2015 Consensus General Fund Forecast and on the January 2016 State Road Fund estimates.





CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill conflicts with SB 7, HB 199 and HB 233 as these bills include different amendments for the distribution of the motor vehicle excise tax.

ADMINISTRATIVE IMPLICATIONS

DOT and TRD indicate that any added administrative burdens resulting from passage of this bill would be minimal.

TECHNICAL ISSUES

DOT points out that the 50 percent distribution to the county arterial program of the Local Governments Road Fund conflicts with the distribution guidance as specified in Section 67-3-28.2 NMSA 1978 which allocates distribution as follows: 42 percent to the cooperative agreement program, 16 percent for the municipal arterial program, 16 percent for school bus routes and 26 percent for the county arterial program.

DOT recommends that Section 67-3-28.2 NMSA 1978 be amended to add a new subsection C specifying the MVEX revenue shall be used only for the county arterial program; and amending the existing Subsection C as follows: [C.] D. Except for the amounts in Subsection B, C and E...

TRD interprets the changes to apply beginning July 1, 2018, which represents June 2018 revenue. If the sponsor of the bill intended for these changes to apply to revenue beginning July 1, 2018, TRD recommends that an Applicability Section be added to the bill to clarify that the changes apply to revenues beginning July 1 of each year, beginning in 2018 when the new distributions to the State Road Fund and the Local Governments Road Fund will be implemented.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If this bill is not enacted, 100 percent of the motor vehicle suspense fund will continue to be distributed to the state general fund.

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