F I S C A L   I M P A C T   R E P O R T

ORIGINAL DATE 1/27/17
SPONSOR Little **LAST UPDATED** 2/20/17 **HB** 167/aHTPWC

SHORT TITLE Car Excise Tax to Road Fund For 4 Years **SB**

ANALYST Iglesias

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY17	**FY18**	**FY19**	**FY20**	**FY21**		
$0.0	($14.750.0)	($36,875.0)	($76,500.0)	($81,000.0)	Recurring	General Fund
$0.0	$14.750.0	$36,875.0	$76,500.0	$81,000.0	Recurring	State Road Fund

Parenthesis ( ) indicate revenue decreases

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	R or NR **	Fund Affected
Total	$16.0	$0.0	$0.0	$0.0	NR	TRD

Parenthesis ( ) indicate expenditure decreases. ** R = recurring; NR = non-recurring

SOURCES OF INFORMATION
LFC Files

Responses Received From
NM Department of Transportation (DOT)
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HTPWC Amendment

The House Transportation and Public Works Committee (HTPWC) amended House Bill 167 to phase-in the distribution of the motor vehicle excise tax between the general fund and state road fund over a three-year period. HTPWC also amended distribution percentages were as follows:

- in FY18, 90 percent to the general fund and 10 percent to the state road fund;
- in FY19, 75 percent to the general fund and 25 percent to the state road fund; and
- on or after July 1, 2019 (FY20), 50 percent to the general fund and 50 percent to the state road fund.

Synopsis of Original Bill

House Bill 167 seeks to redistribute the motor vehicle excise tax (MVEX) from the general fund to the state road fund over a four-year period as follows:

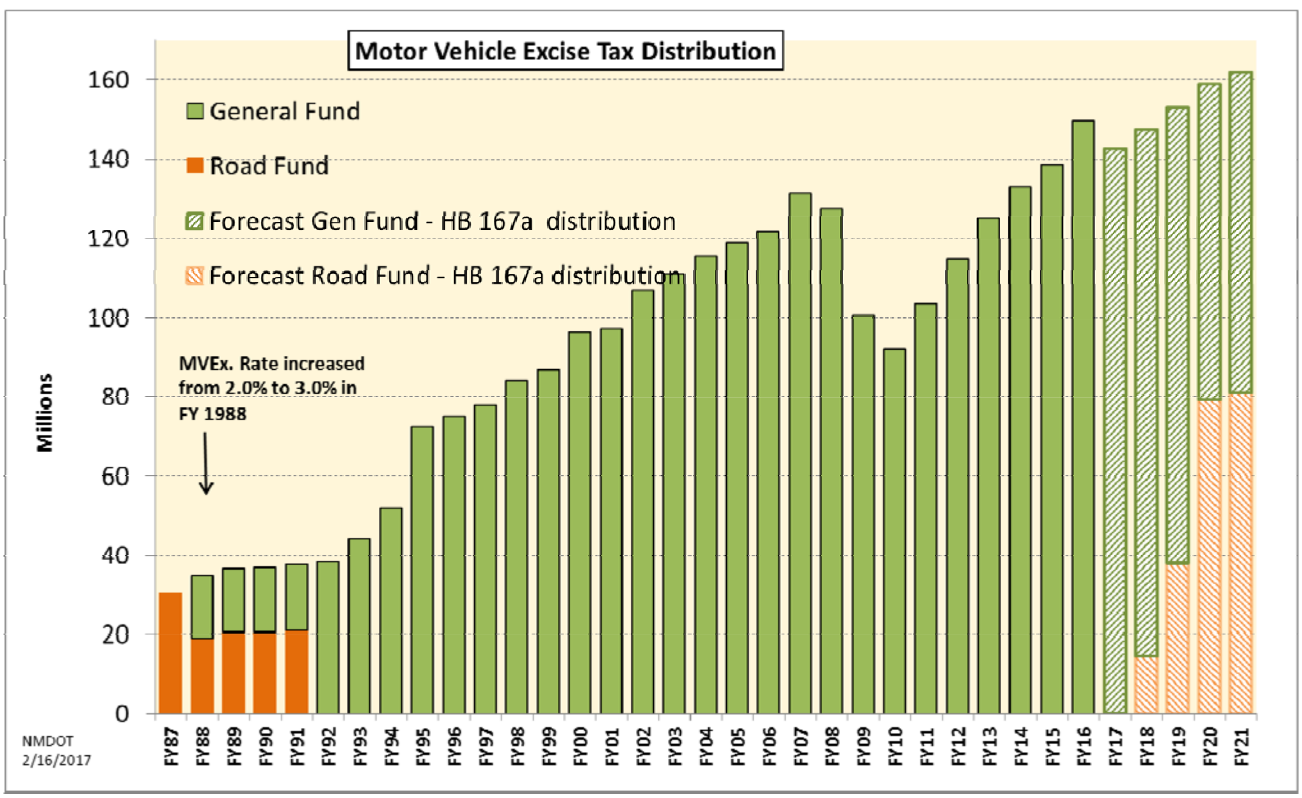
- prior to July 1, 2017, 100 percent is distributed to the general fund;
- in FY18, 75 percent to the general fund and 25 percent to the state road fund;
- in FY19, 50 percent to the general fund and 50 percent to the state road fund;
- in FY20, 25 percent to the general fund and 75 percent to the state road fund;
- after July 1, 2020, 100 percent to the state road fund.

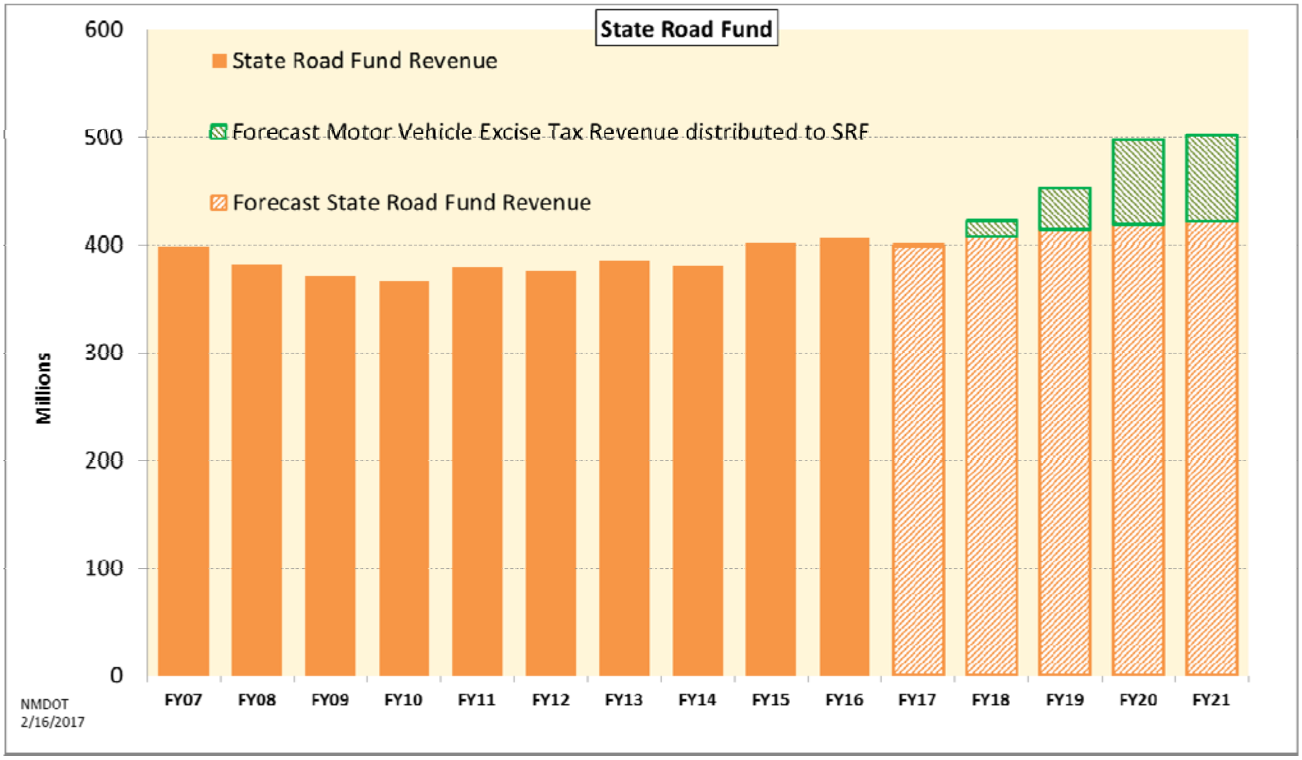
The effective date of the bill is not specified; it is expected to become effective 90 days following adjournment (June 16, 2017); Applicable to receipts of the motor vehicle excise tax and any associated interest and penalties collected on or after July 1, 2017.

FISCAL IMPLICATIONS

The revenue calculations above were calculated by estimating the fiscal impact using the projected motor vehicle excise tax revenues from the December 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 phases-in a distribution of the motor vehicle excise tax from the General Fund to the State Road Fund. The distribution represents a revenue loss to the General Fund, and a revenue gain to the State Road Fund.

DOT updated the following figures to illustrate the effect of the amended bill on distributions:





ADMINISTRATIVE IMPLICATIONS

DOT states administrative burdens resulting from the passage of this bill are expected to be minimal.

The Taxation and Revenue Department (TRD) estimates a low impact to the Information Technology Division and a moderate impact to the Financial Distribution Bureau and the Motor Vehicle Division in order to make a test changes to the Tapestry system.

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.

Does the bill meet the Legislative Finance Committee tax policy principles?

1. **Adequacy**: Revenue should be adequate to fund needed government services.
2. **Efficiency**: Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity**: Different taxpayers should be treated fairly.
4. **Simplicity**: Collection should be simple and easily understood.
5. **Accountability**: Preferences should be easy to monitor and evaluate

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