FISCAL IMPACT REPORT

SPONSOR	Youngblood/Ruiloba/ Rehm	**ORIGINAL DATE** **LAST UPDATED**	2/3/17	**HB** 177

SHORT TITLE	Auto Recycler Reporting to Tax. and Rev. Dept.	**SB**	

ANALYST Romero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	**FY19**	**FY20**		
($12.0)	($12.0)	($12.0)	Recurring	TRD – MVD Operating

(Parenthesis ( ) Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	**FY18**	**FY19**	**3 Year Total Cost**	**Recurring or Nonrecurring**	**Fund Affected**
	$16.8	$0.0	$0.0	$16.8	Nonrecurring	TRD – ITD Operating
	$0.0	$120.3	$120.3	$240.6	Recurring	TRD – MVD Operating
Total	$16.8	$120.3	$120.3	$257.4		TRD Operating

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates: HB 177

SOURCES OF INFORMATION
LFC Files

Responses Received From
Taxation and Revenue Department (TRD)

Responses Not Received From
Department of Public Safety (DPS)

SUMMARY

Synopsis of Bill

Senate Bill 139 adds a new section to the Motor Vehicle Code requiring auto recyclers to notify TRD of all motor vehicle purchases within forty-eight hours of the close of business on the day

the purchase is made. The notification is required to be done electronically to include certain information about the seller, purchaser, vehicle, and intended disposition of the vehicle. The Department must then forward a portion of this information to the National Motor Vehicle Title Information System within forty-eight hours of receiving it. Prior to purchase of the vehicle, the auto recycler is to verify with TRD if the motor vehicle has been reported stolen by checking the electronic system established and maintained by TRD. TRD is required to establish and maintain this electronic system and make it available to auto recyclers and to any law enforcement agency at no charge. The bill also amends 66-1-4.1 NMSA 1978 to add additional language to the definition of "auto recycler".

FISCAL IMPLICATIONS

The revenue impact would result in a reduction in revenue of approximately $12.0K annually to the Motor Vehicle Division (MVD) from a royalty received from New Mexico Interactive (NMI) for Vehicle Registration Suite (VRS) records sold. The bill would require those records to be provided at no cost. Many auto-recyclers currently use VRS to look up vehicles for tax liens and stolen checks. Law enforcement acquire stolen vehicle information through the National Law Enforcement Telecommunications System or the National Crime Information Center.

This bill has moderate impact on MVD as two full-time equivalents (FTE's), range 65, would be needed in order to fulfill the requirements of this bill; therefore, MVD would request a budget increase of $120.3K.

Implementation of this bill will have a low impact on IT. Total time to complete, test and implement changes is 6 weeks with an estimated cost of $16,800.
- o The MVD systems currently offer the auto recyclers to input their information online and forward a portion of this information timely to NMVTIS.
- o This bill requires modifications in the system to collect additional data fields from the auto recyclers, providing electronic system establishment for verification of stolen vehicle check and possible penalties for the auto recyclers not complying with the rules set forth in this bill.

SIGNIFICANT ISSUES

According to federal law, auto-recyclers should be using one of the approved vendors or access methods that are approved by the U.S. Department of Justice (DOJ). Auto recyclers, junk yards, and salvage yards must submit the required monthly reports to National Motor Vehicle Title Information System (NMVTIS) through a third party organization that have agreed to provide this service.

The Anti Car Theft Act of 1992 required compliance by March 2009 for all businesses previously mentioned. MVD does not send the required data that is specified by DOJ and no state is doing so at this time. It is MVD's understanding that it would be breaching our agreement with American Association of Motor Vehicle Association (AAMVA) by circumventing the procedures established between AAMVA and DOJ.

Auto recyclers are only to use the following to send their data:

AAMVA Single VIN Reporting Service
Web site: www.aamva.org/NMVTIS-Reporting-Service

AUDATEX
Phone: 1-800-237-3463

AUTO DATA DIRECT, INC.
Free and Full Service NMVTIS Reporting
Web site: www.add123.com
Telephone:1-866-923-3123
Insurance: insurance@add123.com
Salvage:salvage@add123.com

INSURANCE SERVICES OFFICE (ISO)
ISO ClaimSearch Customer Support
Phone: 1-800-888-4476
E-mail: claimsearchnmvtis@iso.com
Web: www.iso.com/nmvtis

The bill requires auto recyclers to supply information on the seller to MVD when reported stolen; however, this information needs to get reported to law enforcement. Law enforcement should be the first point of contact for checking on and reporting stolen vehicles and not MVD. This would be more efficient and eliminate MVD as a layer in this process.

ADMINISTRATIVE ISSUES

Tapestry would require expanding the types of vehicle transactions beyond what is currently in place and building the stolen vehicle check into Tapestry would take approximately 90 days to implement in production. NMI would need 90 days to change the access for these users to a no fee transaction type for looking up tax lien/stolen vehicles.

TECHNICAL ISSUES

The Taxation and Revenue Department notes the following technical issues:

Page 2, Line 1: consider using "report" instead of "notice"

Page 2, Lines 6-7: auto recycler is required to collect the "unique number of the seller's government-issued identification document". What does this mean? Can it be a driver's license? SSN? Depending on the type of ID document used, would there not be additional requirements placed on auto recycler in terms of keeping this information secure?

Page 2, Line 10: the term "licensed auto recycler" is used; per 66-4-1.1, all auto recyclers must get licensed and there is a presumption of being engaged in the auto recycler business if certain conditions are met. The question is whether (B)(3) is intended to apply to people who need to get an auto recycler license but have not gotten it yet, or is it intended to apply to all persons who purchase a vehicle. The statute as a whole only appears intended to apply to auto recyclers.

Page 2, Lines 17-21: Per 66-4-1.1, an auto recycler is not permitted to sell vehicles subject to registration

Page 3, Line 7 & 12: consider changing "was reported stolen" to "has been reported stolen"

Page 3, Line 23-24: The term "personally identifiable information" is used; the Motor Vehicle Code already defines the term "personal information". "Personally identifiable information" is a term with a federal definition and it is also used elsewhere in various New Mexico statutes. If the Motor Vehicle Code term is sufficient, consider using it here.

Page 4, Line 2: "personally identifiable information" used again

Imposition of the $1,000 fine appears to be collected by the MVD in page 4, Section 1, G., but nothing is mentioned as to where those funds are to be deposited or if the funds are to be appropriated to the Taxation and Revenue Department, MVD operating budget, to off-set operating costs associated to the implementation of this bill.

IR/jle/al