

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Herrell ORIGINAL DATE 2/12/17
LAST UPDATED 3/1/17 HB 281/aHJC
SHORT TITLE Transfer of Car Titles Upon Death of Owner SB _____
ANALYST Romero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	Minimal	\$0.0	Minimal	Nonrecurring	TRD MVD Operating

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)
Office of the Attorney General (OAG)

Responses Not Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HJC Amendment

House Judiciary Committee amendment to HB 281 **strikes all definitions in Section 7-7-2 NMSA 1978 of Estate Tax.**

The amendment also provides clarifying language to the new section "G".

Without a definition section interpretation of this section of law may be difficult.

See possible questions.

Synopsis of Bill

HB 281 amends Section 7-7-2 NMSA 1978 of the Estate Tax Act to exclude "the value of a motor vehicle whose title is transferred at death pursuant to Section 66-3-10 NMSA 1978" from the definitions of "gross estate" and "net [or taxable] estate." HB 281 also amends Section 66-3-

10 of the Motor Vehicle Code regarding the Motor Vehicle Division's duties to issue vehicle certificates of title and evidence of registration to add new Subsection G requiring the application form for title and registration to allow for registration of the vehicle title in "beneficiary form pursuant to Sections 45-6-301 through 45-6-311 NMSA 1978." Section 45-6-304 of the Uniform Probate Code (UPC) provides that registration in beneficiary form registration includes a designation of a beneficiary to take the ownership at the death of the owner(s). Section 45-6-305 provides that "registration in beneficiary form may be shown by the words 'transfer on death' or the abbreviation 'TOD', or by the words 'pay on death' or the abbreviation 'POD', after the name of the registered owner and before the name of a beneficiary.

The effective date is July 1, 2017.

FISCAL IMPLICATIONS

There will likely be a minimal fiscal impact to the motor vehicle division to implement these changes; however, the costs will be absorbed by available operating budget.

SIGNIFICANT ISSUES

The intent of HB 281 appears to be to carve out an exception for cars registered as TOD or POD to a beneficiary from a decedent's estate in order to exclude the value of the car from an estate for estate tax purposes.

TECHNICAL ISSUES

HB 281's new Subsection G to Section 66-3-10 of the Motor Vehicle Code page 4, line 20 refers to the motor vehicle "department," whereas current Section 66-3-10 refers to the "division."

POSSIBLE QUESTIONS

Why are all definitions from current law in this section being removed?

What value do these current definitions provide to Sections 7-7-1 through 7-7-20 NMSA 1978 relating to Estate Tax?

What are possible consequences of removing these definitions?

IR/al/jle