

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 FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 1/18/19

SPONSOR Brown LAST UPDATED 1/28/19 HB 188

SHORT TITLE Motor Vehicle Excise Tax to State Road Fund SB \_\_\_\_\_

ANALYST Iglesias

### REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21	FY22	FY23		
\$0.0	(\$33,826.0)	(\$76,154.0)	(\$120,116.0)	(\$165,600.0)	Recurring	General Fund
\$0.0	\$33,826.0	\$76,154.0	\$120,116.0	\$165,600.0	Recurring	State Road Fund

Parenthesis ( ) indicate revenue decreases

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Transportation (DOT)

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

House Bill 188 phases in a redistribution of Motor Vehicle Excise Tax (MVX) revenue from the general fund to the state road fund, increasing the distribution to 100 percent over a period of four years. This bill distributes to the state road fund 25 percent of MVX revenue in FY20, 50 percent in FY21, 75 percent in FY22, and 100 percent in FY23 and thereafter.

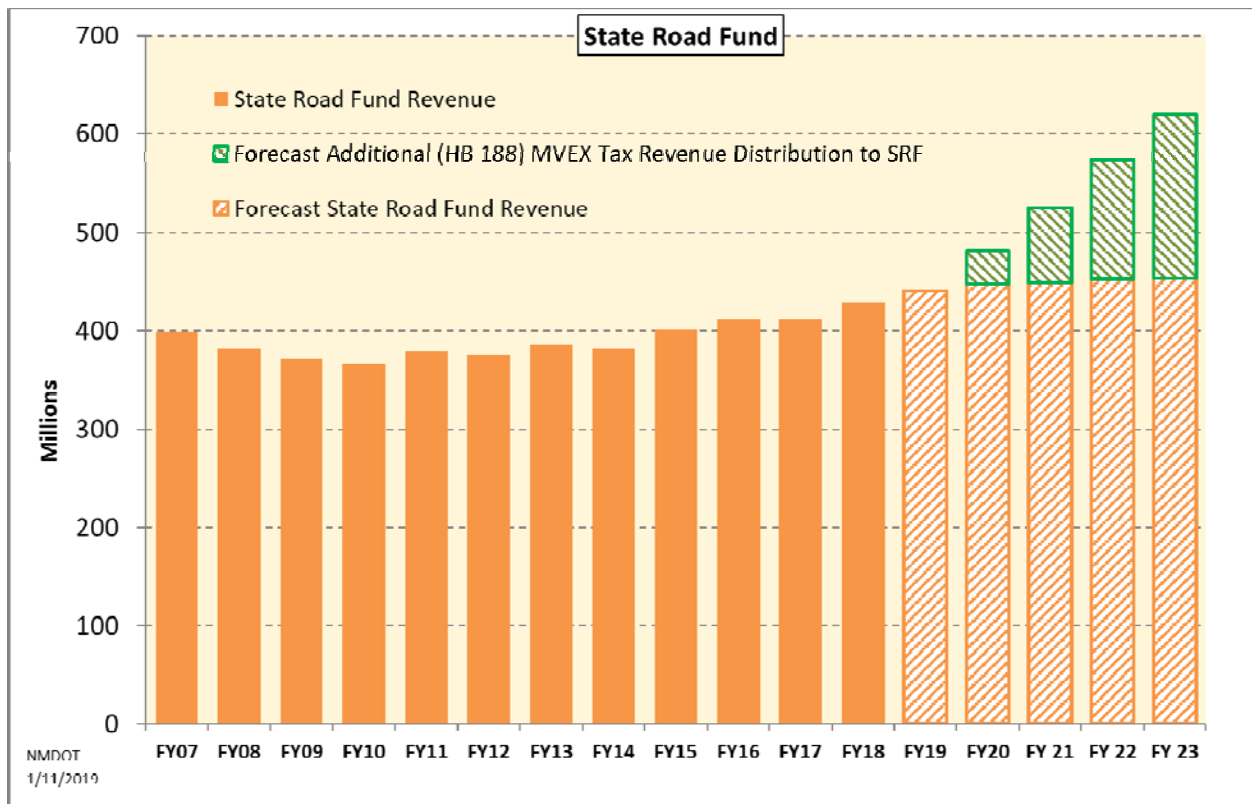
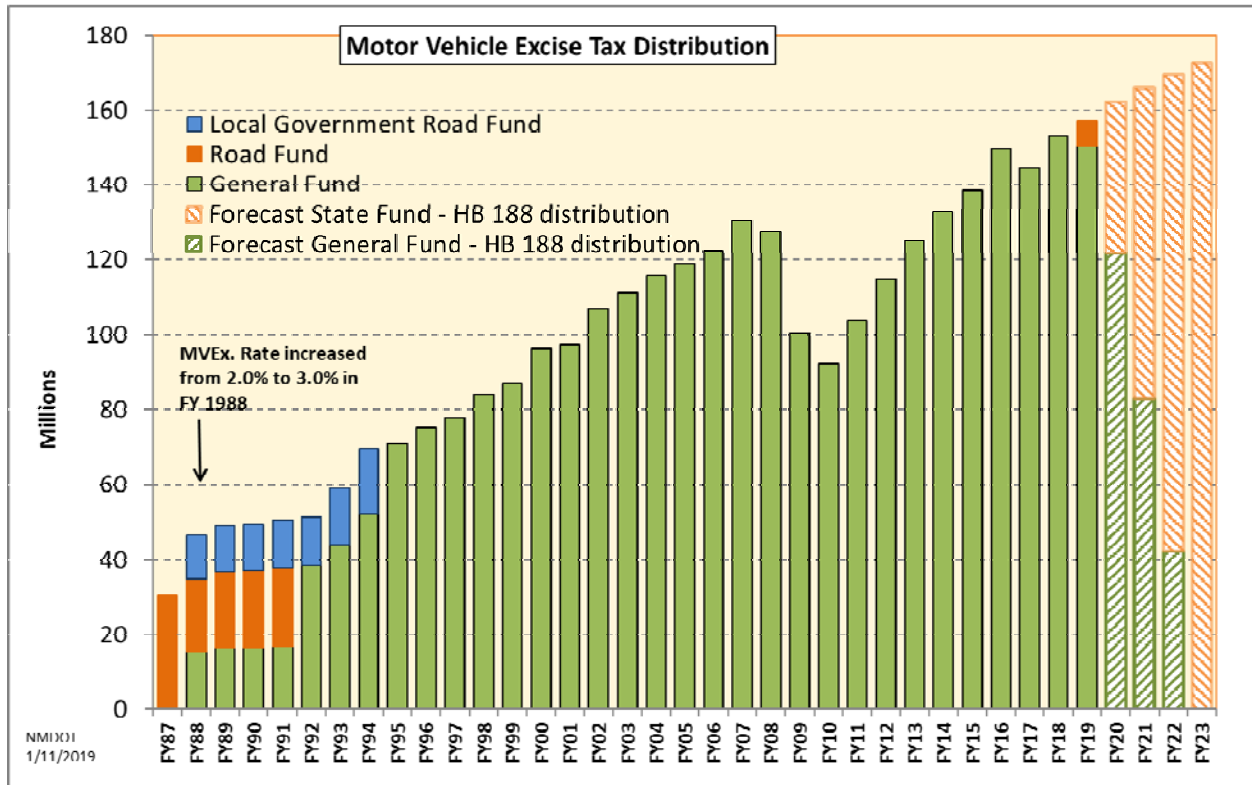
### FISCAL IMPLICATIONS

According to the Department of Transportation (DOT), this bill increases the overall state road fund recurring revenue of about 80 percent in FY20, 17 percent in FY21, 27 percent in FY22, and 37 percent in FY23. This revenue estimate is based on the December 2018 consensus general fund forecast and on the January 2019 state road fund estimates.

### SIGNIFICANT ISSUES

The motor vehicle excise tax is one of the most stable sources of general fund revenue, currently providing about \$150 million in annual funding. Redistribution of this revenue source from the

general fund increases the state’s reliance on other, potentially more volatile revenue sources. Under current law, the State Road Fund receives 4.15 percent of the MVX revenue. The remaining amount (95.85 percent) is distributed to the General Fund. DOT provides the following charts on MVX distributions and state road fund revenues:



## ADMINISTRATIVE IMPLICATIONS

Implementation of this bill will have a moderate impact on TRDs Information Technology division, but TRD states costs will be absorbed in normal operations.

**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

DI/cw/al