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

SPONSOR SJC ORIGINAL DATE 2/9/2020 LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
SHORT TITLE Car Title & Registration E-Signatures SB 151/SJCS  
ANALYST Daly

### **ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$24.6	\$0	\$0	\$24.6	Nonrecurring	General Fund
		Indeterminate	Indeterminate	Indeterminate	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Conflicts with HB 294

Relates to HB 154

### **SOURCES OF INFORMATION**

LFC Files

#### Responses Received From (on Original Bill)

Taxation and Revenue Department (TRD)

New Mexico Attorney General (NMAG)

### **SUMMARY**

#### Synopsis of Bill

The Senate Judiciary Committee Substitute for Senate Bill 151 amends the Motor Vehicle Code (MVC). Section 1 allows for applications for registration and certificate of car title to be signed by the owner electronically. The effective date of this section is July 1, 2020.

Section 2 of SB151 as substituted requires that on issuance of a new certificate of title or transfer of title, TRD must issue a registration plate and validation sticker to the vehicle owner, subject to enumerated exceptions for certain types of vehicles. The effective date of this section is January 1, 2021.

### **FISCAL IMPLICATIONS**

TRD reported in its analysis of the original bill that Section 1's fiscal impact on the Information Technology Division (ITD) can be absorbed with existing staff resources. It estimated time to

develop, test, and implement the changes is approximately 480 hours or three months for an estimated one-time soft cost of \$24,648. The agency has not yet provided an analysis as to Section 2, and so the costs of implementing the requirements of Section 2 are unknown.

## **SIGNIFICANT ISSUES**

SB151 allows a customer to choose the method of signing the application for title in either an industry standard electronic signature or a signature written in pen and ink (“wet signature”). According to TRD, allowing the capture of an electronic signature will reduce customer transactions time at Motor Vehicle Division (MVD), because printing, signing, and scanning of documents will be eliminated. Shorter transaction times have a direct correlation to reduced wait times.

Additionally, TRD commented allowing electronic signature will prepare MVD for future customer service and automation enhancements, such as electronic titles (e-titles), which would decrease MVD’s costs of imaging and storing paper titles. Electronic signature will allow MVD to save on postage costs and decrease the costs of forms produced by an external vendor, and it would allow MVD to provide better customer service for individuals in field offices and those unable to be physically present in an MVD office.

TRD reported that MVD processes approximately 500 thousand titles annually, or about 1,400 daily. Using electronic signature will help lower wait times in MVD offices and will increase the efficiency of the front-line staff in field offices and central operations. Currently, title applications involve the printing of the title application document in an MVD office by staff and collecting the wet signing of that document by the customer. This creates a longer transaction time, often further extended when some direction by the clerk about where to sign is required. According to TRD, electronic signatures will also allow MVD to establish a full e-title process to complement e-liens. Transitioning to e-titles would allow MVD to replace the paper document with an electronic version. It would improve detection and deterrence of fraud by providing online information and real time updating and allow law enforcement 24/7 access to current title data. History of title reassessments and odometer readings on title transfer could be maintained and searched electronically. This bill would also provide the ability to maintain user logs and history to pinpoint specific users when fraud is committed.

NMAG pointed out in its earlier analysis that New Mexico has adopted the Uniform Electronic Transactions Act (UETA), cited in SB151 as the authority for use of electronic signature. Section 14-16-3 of that act provides that a record or signature cannot be denied legal effect or enforceability simply because it is in electronic form, and that if a record or signature is required to be in writing, an electronic signature satisfies the law. Conversely, Section 66-3-4(A) of the Motor Vehicle Code states that signatures of the car owner shall be “written with pen and ink.” While the Motor Vehicle Code is not explicitly exempted from the UETA, it is unclear whether this conflict of law would be resolved in favor of the permissibility of e-signatures under the UETA, which would render SB151 moot.

## **CONFLICT, RELATIONSHIP**

This bill relates to House Bills 154 and 294, which impose the same requirement for the provision of registration plates as does Section 2. However, HB294 contains a \$300 thousand appropriation to TRD to offset the costs of these new license plates.

**TECHNICAL ISSUES**

The citation on page 8, line 2, to 66-3-423 NMSA 1978 may be a typographical error, as there does not appear to be such a section.

**OTHER SUBSTANTIVE ISSUES**

MVD believed several private industries will benefit from this bill. Particularly, motor vehicle dealers and auto-part salvage/recycling businesses may experience efficiencies and cost-savings by being able to transfer vehicle titles more easily.

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