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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>HF1</u>	<b>LAST UPDATED</b> <u>3/16/23</u>
	<b>ORIGINAL DATE</b> <u>3/6/23</u>
<b>SHORT TITLE</b> <u>Limit Car Sale Locations &amp; Sellers</u>	<b>BILL NUMBER</b> <u>CS/House Bill 62/HFIS/aSJC</u>
	<b>ANALYST</b> <u>Graeser</u>

### REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25	FY26	FY27		
	Potentially positive to neutral, but not significant				Recurring	General Fund (Penalty Assessment Misdemeanors)
	Potentially positive to neutral, but not significant				Recurring	PA Add-ons, incl Local Governments

Parenthesis ( ) indicate revenue decreases.

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

FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
\$0.0	\$0.0	\$0.0	\$0.0	Recurring	TRD Operating

Parentheses ( ) indicate expenditure decreases.

### Sources of Information

LFC Files  
LFC FIR for 2021 HB60

### Responses Received From

Department of Transportation (NMDOT)  
Taxation and Revenue Department (TRD) on original bill

## SUMMARY

### Synopsis of SJC Amendment to House Floor Substitute for House Bill 62

Senate Judiciary Committee amendment to the House floor substitute for House Bill 62 deletes the requirement that the vehicle offered for sale by a casual seller must be titled and registered in the person's name.

### Synopsis of House Floor Substitute for House Bill 62

The House floor substitute for House Bill 62 prohibits the sale of a vehicle by a person who is not the vehicle owner or a registered dealer (Section 66-3-126 NMSA 1978). This bill also amends Section 66-4-2.2 NMSA 1978 to prohibit off-site sales by licensed motor vehicle dealers. There is no separate penalty established for violation.

The effective date of this bill is July 1, 2023,

## FISCAL IMPLICATIONS

HB62 has no significant fiscal implications.

The practice of “curb stoning” or selling vehicles from casual locations by individuals not registered as motor vehicle dealers will possibly increase. The SJC amendment recognizes that the police officer or sheriff’s deputy would have no easy means of determining if the vehicle offered for sale were titled in the name of the person offering the vehicle for sale. There is no enforcement mechanism provided.

Some individual entrepreneurs would pay an annual fee of \$50 and register as used car dealers. Pursuant to the provisions of this bill, however, they could sell more than four vehicles a year, but only from established locations and could also bypass the requirement of registering and titling the vehicles in their own name.

Prices would probably be no different than under current practice. Overall, the only change created in Section 1 of the bill is to require that any vehicle offered for sale be properly titled and registered.

Violations would be cited as failure to title or register the vehicle and this would be difficult for police to determine if there were a valid registration plate on the vehicle.

## SIGNIFICANT ISSUES

TRD notes:

By removing a cap on the number of casual sale vehicles a person can sell annually, this bill in essence removes the need for used car dealerships to become licensed and bonded vehicle dealers. However, page 2, lines 2 thru 6, require a seller of a used motor vehicle to legally possess the title to the used motor vehicle in the person’s name. This may mean the person selling the vehicle must have their name listed on the face of the title being used to transfer ownership of the vehicle. The bill should be amended if that is not the intent. If that is the case this could have a positive impact on curb stoning.

This bill removes the prohibition on where an individual can display a personal vehicle for sale; this might encourage “curbstoning,” which is the sale of a vehicle by an unlicensed dealer on the street or at the curb. This bill requires an individual to have title to and registration for the vehicle but allows the seller to sell that vehicle from a casual location.

## PERFORMANCE IMPLICATIONS

Depending on how aggressively police and sheriff’s departments enforced the provisions of this bill, it could affect the performance statistics of the law enforcement departments. This would not be a violation automatically cited into magistrate court but would be handled as a penalty assessment misdemeanor. MVD is not expected to be the enforcement agent for this effort.

## **ADMINISTRATIVE IMPLICATIONS**

This bill requires that a vehicle seller, unless the person is a licensed dealer, shall possess the title to a used vehicle and that the vehicle be registered. MVD would have no responsibility or implementation costs because any violation would be handled as a failure to register and title the vehicle, if cited at all.

LG/rl/ne/hg