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FISCAL IMPACT REPORT

SPONSOR Jones LAST UPDATED 3/5/2025
ORIGINAL DATE 3/4/2025
BILL
SHORT TITLE Towing Svcs. Oversight & Advisory Board NUMBER House Bill 577
ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMDOT	No fiscal impact	\$5.0 to \$12.5	\$10.0 to \$25.0	\$25.0 to \$32.5	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

*Estimate for FY26 is for one-half the fiscal year; the board's first meeting is no later than January 1, 2026.

Sources of Information

LFC Files

Agency Analysis Received From

New Mexico Department of Transportation (NMDOT)

SUMMARY

Synopsis of House Bill 577

House Bill 577 (HB577) creates the "towing services oversight and advisory board" at the Department of Transportation (NMDOT) to guide the oversight of licensed towing services.

The board includes 12 members, one primary and one alternate from each of the six state transportation commission districts. The board shall (1) provide recommendations on regulations related to towing services, (2) propose improvements to service standards and compliance requirements, (3) ensure complaints are investigated and resolved, (4) facilitate mediation for disputes, (5) assess if towing services are complying with regulations and contractual obligations, (6) conduct audits and inspections, (7) submit quarterly reports, (8) engage with stakeholders, (9) and educate the industry and consumers about towing rules and their rights.

NMDOT shall select the board from staff and the industry. Selections and terms of service shall be made by January 1, 2026. Terms shall be staggered so the terms of three primary members and three alternates expire at the end of the two years and the terms of the remaining members expire at the end of three years. The board shall meet at least quarterly. Public members of the board are entitled to receive per diem and mileage as provided for in the Per Diem and Mileage Act. NMDOT shall provide the staffing, funding and administrative support for the board.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

The first meeting of the board could be January 1, 2026. Staying within budgetary limits for FY26, NMDOT would screen candidates for board membership, select staff to support the board, and identify a meeting space or virtual meeting option. The estimated additional operating budget table includes a range based on whether the quarterly meetings are over one day or two. The estimated amount also includes additional funding to ensure the board has sufficient budget to facilitate audits and field trip inspections, mediate disputes, and provide educational materials for tow companies and the public about state regulations, and their rights and responsibilities.

NMDOT cautioned the bill would create a financial and administrative burden, especially when duties are already performed by NMDOT, and the information to be found is already available.

SIGNIFICANT ISSUES

In 2023, the governor signed Senate Bill 160 (Chapter 100) into law. The bill transferred from the Public Regulation Commission (PRC) to NMDOT the regulation of motor carriers, including towing companies. That means NMDOT has the authority to impose fees, fines, and restrictions on towing companies. Now, consumers bring complaints against towing services to NMDOT as opposed to PRC. The new structure should improve towing services regulatory compliance.

This bill creates a new board also tasked with balancing the interests of towing services and vehicle owners. NMDOT may choose candidates from within the department, as well as from towing services owners and industry associations. There may be a conflict of interest if NMDOT imposes a fine for an unauthorized tow, and the owner of the towing services is a board member.

State zoning laws and local ordinances regulate when and how vehicles can be towed, and vehicle owner rights and responsibilities. Complaints against towing companies are often for disputed or authorized tows or for excessive towing and impound fees. However, vehicle owners are also responsible for following road signage and ensuring vehicles are not a safety hazard.

The bill may even help reduce costs for the state and vehicle owners if the board's outreach initiatives help increase the number of tow companies in compliance with regulations or reduce the number of disputed tows and local law enforcement's role in resolving those disputes. Law enforcement also has the authority to verify compliance with state law and local regulations.

PERFORMANCE IMPLICATIONS

Towing services must be licensed and insured per the New Mexico Administrative Code. Towing services that fail to follow state law or local ordinances can see tows rendered invalid.

ALTERNATIVES

NMDOT suggested the industry and its stakeholders could form an independent trade group.

AHO/rl/hg/sgs/hg/sgs