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## FISCAL IMPACT REPORT

<b>SPONSOR</b>	<u>Trujillo</u>	<b>LAST UPDATED</b>	<u>02/14/2025</u>
	Recreational Vehicle Manufacture	<b>ORIGINAL DATE</b>	<u>02/14/2025</u>
<b>SHORT TITLE</b>	<u>&amp; Dealer Act</u>	<b>BILL</b>	
		<b>NUMBER</b>	<u>Senate Bill 287</u>
		<b>ANALYST</b>	<u>Lobaugh</u>

### REVENUE\* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Penalty Fees	Indeterminate but minimal gain	Indeterminate but minimal gain	Indeterminate but minimal gain	Indeterminate but minimal gain	Indeterminate but minimal gain	Recurring	General Fund

Parentheses ( ) indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

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

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
TRD	No fiscal impact	\$21.3	No fiscal impact	\$21.3	Nonrecurring	MVD Suspense Fund
AHO	No fiscal impact	\$0-174.0	\$0-174.0	\$0-\$348.0	Recurring	General Fund
<b>Total</b>	<b>No fiscal impact</b>	<b>\$21.3-\$195.3</b>	<b>\$0-174.0</b>	<b>\$21.3-\$369.3</b>	Recurring	<b>MVD Suspense Fund and General Fund</b>

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Agency Analysis Received From

Taxation and Revenue Department (TRD)

Tourism Department (TD)

Department of Public Safety (DPS)

Administrative Hearings Office (AHO)

#### Agency Analysis was Solicited but Not Received From

Administrative Office of the Courts (AOC)

New Mexico Attorney General (NMAG)

## SUMMARY

### Synopsis of Senate Bill 287

Senate Bill 287 (SB287) creates the Recreational Vehicle Manufacturer and Dealer, which establishes rules for the sale and distribution of new recreational vehicles. SB287 defines recreational vehicles as vehicles that are self-propelled or towed by a consumer-owned tow vehicle and that are designed to provide temporary living quarters for recreational, camping or travel use. The definition of recreational vehicles includes motor homes, travel trailers, fifth wheel travel trailers, truck campers, and folding camping trailers

SB287 requires formal agreements between manufacturers and dealers before the sale of recreational vehicles can occur. SB287 also establishes conditions for the termination and renewal of recreational vehicle manufacturer-dealer agreements. SB287 allows manufacturers or dealers to terminate their agreements for good cause and with written notice. SB287 allows dealers to reject vehicles from manufacturers damaged during transit or request that the manufacturers fix or replace damaged recreational vehicles. SB287 requires dispute resolution and a good faith effort to mediate between manufacturers and dealers before a civil cause of action can be brought forward.

SB287 allows the state Taxation and Revenue Department (TRD) to assess and collect an administrative fee up to \$1,000 per violation of the Recreational Vehicle Manufacturer and Dealer Act should a dealer, manufacturer, or distributor violate any provision of the act. SB287 also allows TRD to suspend or revoke the licenses of dealers, manufacturers, or distributors of recreational vehicles for violation of the Recreational Vehicle Manufacturer and Dealer Act. SB287 allows individuals who are charged a penalty fee by TRD for violations of Recreational Vehicle Manufacturer and Dealer Act to appeal the decision with the state Administrative Hearings Office. SB287 allows individuals to appeal a decision of the Administrative Hearings Office related to SB287 with the appropriate district court.

The effective date of this bill is January 1, 2026.

## FISCAL IMPLICATIONS

SB287 allows TRD to assess and collect an administrative fee of up to \$1,000 per violation of the Recreational Vehicle Manufacturer and Dealer Act. TRD reports that the department “cannot predict how many \$1,000 penalties will be assessed pursuant to this new act.” Penalty fees from SB287 would be deposited to the state general fund.

TRD estimates that SB287 would take information technology staff 320 hours, or 2 months, in staff workload hours, to develop, test, and implement new motor vehicle violations in the department’s information technology systems. TRD estimates that this information technology staff time equates to a nonrecurring \$21.3 thousand cost in FY26.

The state Administrative Hearings Office (AHO) reports that it is close to its capacity with existing dockets but could absorb an increased caseload from SB287 of up to 10 cases per year with existing resources. Depending on the number of appeals resulting from SB287, AHO reports that SB287 may require an additional administrative law judge position and additional

court clerk staff costing up to \$174 thousand in additional operating costs per year.

## **SIGNIFICANT ISSUES**

TRD notes that SB287 contains provisions that could affect existing contractual relationships between the dealers and manufacturers or distributors of recreational vehicles.

SB287 says TRD may suspend or revoke the license of dealers, manufacturers, or distributors, but TRD's Motor Vehicle Division does not license manufacturers or distributors.

Section 5(E)(1) of SB287 on page 14 requires a manufacturer or distributor to distribute new recreational vehicles to its dealers in "a fair and equitable manner." TRD reports that the term "fair and equitable" is vague and that the vagueness of the term may impact the enforceability of this provision within SB287.

Section 11(B)(4) of SB287 on pages 28-29 requires a dealer to perform warranty service work authorized by the warrantor in a competent and timely manner on any transient customer's vehicle of the same line-make unless the dealer determines the customer is acting in a manner detrimental to its business. TRD reports that the phrase "customer is acting in a manner detrimental to its business" is vague and that the vagueness of the phrase may impact the enforceability of this provision within SB287.

## **TECHNICAL ISSUES**

SB287 removes recreational vehicles from the current definition of the term "motor vehicle" in the existing Motor Vehicle Dealers Franchising Act (Section 57-16-3(L) NMSA 1978) and creates a new specific definition of "recreational vehicle" in the proposed Recreational Vehicle Manufacturer and Dealer Act. TRD reports that the proposed changes to the definition of "motor vehicle" in the Motor Vehicle Dealers Franchising Act do not align with definition of "motor vehicle" in the existing Motor Vehicle Code (Section 66-1-4.11(H) NMSA 1978) which includes recreational vehicles.