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## FISCAL IMPACT REPORT

**SPONSOR** Duhigg **LAST UPDATED** \_\_\_\_\_  
**ORIGINAL DATE** 02/18/2025  
**BILL**  
**SHORT TITLE** Minimum Car Insurance Amounts **NUMBER** Senate Bill 319  
**ANALYST** Chilton

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

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact		

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)  
 Office of the Superintendent of Insurance (OSI)  
 Department of Public Safety (DPS)

Agency Declined to Respond  
 Department of Transportation (DOT)

## SUMMARY

### Synopsis of Senate Bill 319

Senate Bill 319 modifies Section 66-5-301 NMSA 1978 to require that all motor vehicle owners and drivers operating or allowing the operation of a vehicle in New Mexico carry uninsured and underinsured motorist insurance for that vehicle. The bill also prevents the offset of a driver's underinsured motorist coverage based on the liability limits paid by the underinsured legally responsible individual.

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

## FISCAL IMPLICATIONS

There is no appropriation in Senate Bill 319. No fiscal impact to the state or state agencies is anticipated, except a possible reduction in state expenditures (through Medicaid and state insurance programs) on emergency care and treatment for those injured in an accident with an underinsured person at fault for an accident.

## **SIGNIFICANT ISSUES**

As noted by the Department of Public Safety (DPS), New Mexico has a high rate of uninsured motorists; DPS views this legislation as necessary to ensure the rights of victims of motor vehicle accidents to appropriate compensation. DPS states that this legislation would protect both the injured party in an accident caused by an at-fault driver and also the state, which is left to pay the cost of emergency care and treatment.

The Taxation and Revenue Department states that:

By removing the option for drivers to reject this [underinsured motorist] coverage, this bill helps those injured by uninsured or underinsured drivers receive the proper compensation necessary. This requirement may increase vehicle insurance costs for some drivers who may not carry the insurance or may not carry it on all vehicles. MVD currently has an average vehicle insured rate of 90 percent for all registered vehicles. This bill's provisions may cause a decrease in the number of vehicles properly insured and more suspended registrations due to not meeting the minimum financial responsibility requirements.

All respondents, including the Office of the Superintendent of Insurance (OSI), make note of a likely sizeable increase in the insurance premium that would have to be paid by policyholders if this legislation passes.

## **TECHNICAL ISSUES**

The bill appears to make these requirements mandatory for all persons driving any vehicle on New Mexico roads. There is no mention in the bill of requirements for out-of-state drivers, potentially not exempting them from this requirement.

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