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FISCAL IMPACT REPORT

SPONSOR: Godbey DATE TYPED: 03/04/01 HB 416/aHJC
 SHORT TITLE: Credit for Unexpired Registration Fee SB _____
 ANALYST: Rael

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$(400.0)		Recurring	State Road Fund
	\$(200.0)		Recurring	Local Government

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HJC Amendment

The House Judiciary Committee amendment allows the TRD to determine an administrative fee to be applied as a part of the credit applied to the new assignment.

Synopsis of Original Bill

This measure would amend Sections 66-3-20.1, 101, and 104 NMSA 1978 of the Motor Vehicle Code. Under current statute, owners of vehicles weighing less than 26,000 may register the vehicles for up to two years, rather than the traditional one-year period. They are charged a fee in proportion to the time by which the registrations are extended. If registration expires because, for example, the vehicle is sold, existing statutes do not appear to provide for refunding unused portions. The proposed measure would allow owners to transfer unexpired portions of extended registration fees to other vehicles they own when they sell or otherwise transfer vehicles on which extended registrations have been paid.

FISCAL IMPLICATIONS

According to figures provided by the Motor Vehicle Division, the total fiscal impact is estimated at a \$600.0 revenue loss. Roughly 24 percent of the total registration fees for vehicles weighing 26,000 pounds or less consist of extended registrations. Since approximately 1.7 million registrations of this type are issued annually, roughly 400,000 extended registrations are likely to be issued annually

during the near future. If it is assumed that approximately 10 percent of that total would consist of owners requesting credits provided by the proposed legislation, roughly 40,000 of the extended credits would be subject to refunds. If it is further assumed that the unused portion of refunds totals average \$15, then roughly \$600,000 in credits would be extended. Approximately 2/3rds of this amount would represent loss to the State Road Fund; roughly \$200,000 would represent loss to other funds --primarily funds that would otherwise flow to local governments.

OTHER SUBSTANTIVE ISSUES

The proposed measure would be fairly difficult to administer due to the need to match credits with registration obligations for existing vehicles, and keep records of the transactions. A system whereby taxpayers are provided with refunds of unused portions of extended registrations fees rather than credits would be much easier to administer than the credit system established by the proposed legislation.

TRD has provided partial refunds of extended registration fees in the recent past. Statutes are unclear regarding whether this is permissible, however.

FAR/njw:pr:ar