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FISCAL IMPACT REPORT

SPONSOR Cravens DATE TYPED 2/12/2004 HB _____

SHORT TITLE Ignition Interlocks on New and Used Cars SB 380

ANALYST Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04			
	\$50.0		FY08*: \$825.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

* Reflects an estimate for state agencies cost of implementing provisions of bill.

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
	FY08			
	(\$83.9 million)	(\$83.9 million)	Recurring	Motor Vehicle Excise Tax (General Fund)

(Parenthesis () Indicate Revenue Decreases)

* does not reflect impact from used car sales.

SOURCES OF INFORMATION

Department of Transportation
Public Defenders

SUMMARY

Synopsis of Bill

Senate Bill 380 requires all new or used motor vehicles offered for sale in New Mexico to be equipped with an ignition interlock device by January 1, 2008 (new) and January 1, 2009 (used).

SB380 appropriates \$50 thousand from the general fund to Traffic Safety Bureau of the New Mexico Department of Transportation for the purpose of hiring one full-time staff person to draft rules and supervise the rulemaking process for ignition interlock devices in motor vehicles.

The bill amends the Motor Vehicle Excise Tax Act to provide a credit against the motor vehicle excise tax for the value of the interlock device.

Significant Issues

Senate Bill 380 would have both an economic impact on purchasers of motor vehicles through an increased purchase price and a fiscal impact on the general fund from the loss of revenue for motor vehicle excise tax credit. The calculations and discussion follow and are based on average cost of interlock device, (maximum tax credit) of \$1,050¹ and 124,247 new cars sold.

\$ 22,500	average purchase price of a new car in New Mexico
\$ 675	motor vehicle excise tax, per car
-\$83.9 million	Loss motor vehicle excise tax (new cars sold x excise tax)

Economic impact estimates are below:

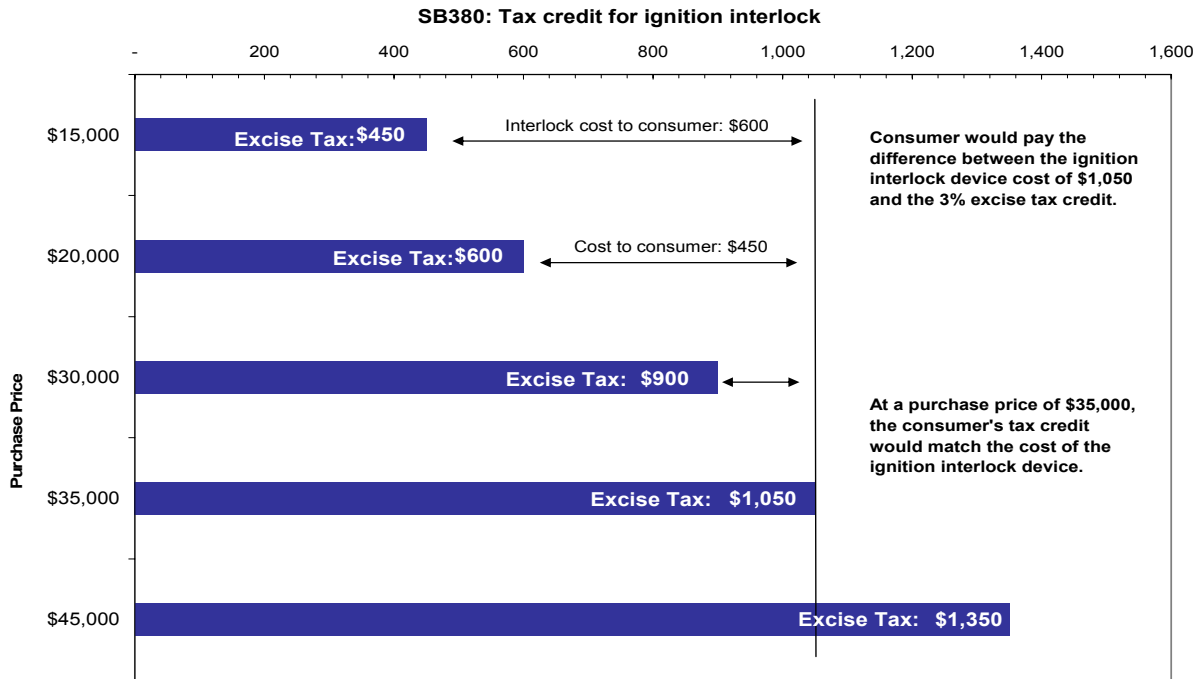
	TRD Info 2003	Economic Impact @ 1,050/vehicle
New Cars Sold	124,247	\$ 130.5 million
Used Cars Sold	399,596	\$ 419.6 million

The table below provides several other scenarios, given different assumptions for purchase price.

	Motor Vehicle Purchase Price of		
	\$ 15,000	\$ 20,000	\$ 30,000
Excise Tax (3% of purchase price)	450	600	900
Cost of ignition interlock device	1,050	1,050	1,050
Tax credit up to excise tax amount	450	600	900
Fiscal Impact: Loss to general fund	\$ (55,911,150)	\$ (74,548,200)	\$ (111,822,300)

¹ Average cost based on DPS estimate of \$600/vehicle and GSD estimate of \$1,500/vehicle.

The following graphic illustrates the impact to consumers, who would be required to cover the cost of the interlock device above the impact of the tax credit.



FISCAL IMPLICATIONS

The appropriation of \$50 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY05 shall revert to the general fund.

State agencies will be impacted by SB380. The General Services Department reports that it owns more than 1,900 vehicles in its fleet. Based on a 15 percent annual replacement, GSD would incur a cost of \$300 thousand to put these devices in state vehicles. Other state agencies, not included in the GSD fleet report:

- DPS replaces almost 200 vehicles annually, cost \$210 thousand
- Department of Transportation replaces almost 300 vehicles annually, cost \$315 thousand.

MFV/yr