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FISCAL IMPACT REPORT

ORIGINAL DATE 02/19/09

SPONSOR Rehm LAST UPDATED _____ HB 516

SHORT TITLE Heavy Equipment Motor Vehicle Title SB _____

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	Indeterminate	Recurring	MVD Operating Fund
	Indeterminate	Recurring	Road Fund and counties

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	\$220.0	\$220.0	Recurring	MVD Operating Fund
	\$30.0	\$30.0	Recurring	Road Fund & Counties

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Minor			Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 516 amends section 66-1-4.8 NMSA 1978 to define what is considered heavy equipment and adds a new section proposing that heavy equipment shall be titled. The Motor Vehicle Division (MVD) of the Taxation and Revenue Department (TRD) shall issue a certificate of title certifying ownership, vehicle identification, serial number or equivalent identification number.

The bill provides for a fee of \$20.00 to be charged for the certificate of title. The fee is appropriated to TRD to help defray the costs of upgrading and maintaining the computer systems and equipment.

FISCAL IMPLICATIONS

According to the February 2009 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$575 million less than the FY09 appropriations before the 2009 solvency reductions. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

Continuing Appropriations Language

This bill provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in statutory provisions, as earmarking reduces the ability of the legislature to establish spending priorities.

TRD reports that once MVD is given responsibility to handle titles for heavy equipment, this will trigger additional fees, provided for in existing law, which would apply to these transactions: \$3.00 transaction fee that is distributed to the state Road Fund and local government and the \$2.00 administrative fee that is appropriated to MVD.

Certificate of Title Fees: Appropriated to MVD Operating Fund

- 10,000 estimated heavy vehicles x \$20 per certificate of title = \$200.0 thousand new revenue – MVD Fees

Administrative Fee: Appropriated to MVD Operating Fund

- 10,000 estimated heavy vehicles x \$2.00 Administrative Fee per transaction = \$20.0 thousand Admin Fee

TRD calculated the Certificate of Title fees: Appropriated to MVD Operating Fund

- 10,000 estimated heavy vehicles x \$20 per certificate of title = \$200.0 thousand new revenue – MVD Fees

SIGNIFICANT ISSUES

Under current law, MVD does not currently title or register heavy equipment.

ADMINISTRATIVE IMPLICATIONS

MVD would need to develop policies and procedures and possibly promulgate rules to address the requirements of documents needed to verify ownership. It may be difficult for owners of older heavy equipment to produce evidence of ownership satisfactory to MVD for issuance of a New Mexico title.

TRD-IT indicates that implementation would have moderate impact, involving changes to the following programs:

- MVD 2.0 Vehicle Application (200 Hrs)
- MVD Manutls Reporting Application (60 Hrs)
- Mainframe Batch Application (200 Hrs)
- Distribution Application (MVR0) (160 Hrs)
- MVD Website (4 Hrs)
- User Acceptance testing (80 Hrs)

Total Hours: 704

TECHNICAL ISSUES

The bill provides continuing appropriation language. The LFC has concerns with including continuing appropriation language in statutory provisions, as earmarking reduces the ability of the legislature to establish spending priorities.

According to TRD, the bill appears to conflict with current statute. Section 66-3-1 NMSA 1978 includes an exception from the titling and registration requirements of the Motor Vehicle Code for “any special mobile equipment.” Section 66-1-4.16(K) NMSA 1978 defines “special mobile equipment” as a vehicle not designed or used primarily for the transportation of persons or property and incidentally operated or moved over the highways, including but not limited to farm tractors, road construction or maintenance machinery, ditch-digging apparatus, well-boring apparatus and concrete mixers. As that definition may be read to include heavy equipment as defined in HB-516, the definitions of “special mobile equipment” and/or “heavy equipment” should be amended to eliminate any ambiguity and overlap/conflict.

DL/mt