F I S C A L   I M P A C T   R E P O R T

	ORIGINAL DATE 2/20/09		
SPONSOR Rehm	**LAST UPDATED**	**HB**	775
SHORT TITLE Car title Transfer-on-Death Certificates		**SB**	
		ANALYST	Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	**FY10**		
	Continuing	Recurring	MVD operating

(Parenthesis ( ) Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	**FY10**	**FY11**		
	$40.0	$40.0	Recurring	MVD Operating Budget

(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		$35.0				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 775 proposes to add a new section to Motor Vehicle Code, Chapter 66, Article 3 NMSA 1978, allowing for a motor vehicle to be titled in transfer-on-death form by including in

the certificate of title a designation of a beneficiary to whom the motor vehicle shall be transferred upon death of the owner or the last survivor of the joint tenant with right of survivorship owners. The beneficiary will have no interest in, or liability for negligent operation by another person of, the motor vehicle until the death of the owner or the last survivor of joint tenant with the right of survivorship owners.

The bill proposes a fee of $20 to title a motor vehicle with a certificate of title in transfer-on-death form. This fee would be appropriated to the Motor Vehicle Division (MVD) and would be in addition to all other fees and penalties provided by law to defray the costs of upgrading and maintaining computer systems and equipment.

FISCAL IMPLICATIONS

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.

The $20 fee with a certificate of title in transfer-on-death form is a revenue fee for MVD. Fiscal impact calculations are detailed below:

2,000 est. annual certificate of title in transfer-on-death x $20 per transaction = $40 Thousand MVD Fees.

SIGNIFICANT ISSUES

Although the transfer on death provided for in this bill would be technically outside of the testamentary/probate process, TRD's Legal Bureau is concerned that it would inevitably cause MVD to become involved in probate disputes when the owner who has so titled a vehicle leaves the same vehicle by will to a different beneficiary.

ADMINISTRATIVE IMPLICATIONS

According to TRD, the estimated implementation cost of this bill will have a moderate impact on information technology systems. These would have to be treated as a new transaction type. The following programs will be effected:
- MVD 2.0 – 200
- MVD 2.0 Manutils – 80
- Mainframe batch jobs – 200
- MVD Mainframe Distribution (MVRO) – 180
- User Acceptance Testing – 40

Total Number of Hours – 700 x $50 = $35 thousand

TECHNICAL ISSUES

Chapter 45, Article 6, NMSA 1978 provides for non-probate transfers, including transfers on death of bank accounts, securities and real property. Similar provision should be added to Chapter 45, Article 6 if the transfer on death of motor vehicles is to be fully authorized in statute.

The bill allows MVD to keep the $20 fee, but the language needs to state that the monies collected are non-reverting.

DL/mc