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FISCAL IMPACT REPORT

ORIGINAL DATE 01/29/13
LAST UPDATED 02/15/13 **HB** 81/a HTPWC

SPONSOR Larrañaga

SHORT TITLE Motor Vehicle Tax To Road Fund & Requirements **SB** _____

ANALYST Walker-Moran/
Soderquist

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
\$0.0	\$25,000.0	Nonrecurring	Department of Transportation (from State Road Fund)

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
(\$0.0)	(\$25,000.0)	\$0.0	Nonrecurring	General Fund
\$0.0	\$25,000.0	\$0.0	Nonrecurring	State Road Fund (from General Fund)

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Transportation (DOT)

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HTPWC Amended Bill

The House Transportation and Public Works Committee amends HB81 to read that net receipts attributable to the tax exclusive of penalties and interest shall be distributed to the state road fund at the end of each month equal to one-twelfth of the total amount to be distributed so that the aggregate total of the distributions from the motor vehicle suspense fund to the state road fund during that time period equals \$25 million.

The HTPWC also adds an applicability date of July 1, 2013 to July 1, 2014 for net receipts attributable to the motor vehicle excise tax collected.

Synopsis of Original Bill

House Bill 81 (HB 81) amends Section 7-14-10 NMSA 1978 to distribute twenty-five million (\$25,000,000) of the motor vehicle suspense fund to the road fund for one year in FY14. The remaining revenue will be distributed to the general fund. Under current law, 100 percent is distributed to the general fund.

HB 81 also adds a section to appropriate twenty-five million (\$25,000,000) from the state road fund to the New Mexico Department of Transportation (NMDOT) in FY14 for the department major investment projects, including deferred projects authorized in Laws 2003 (1st S.S.), Chapter 3, Sections 27 and 28. Any unexpended or unencumbered balances at the end of FY14 will revert to the state road fund. The effective date of this bill is FY14.

The NMDOT may require a political subdivision benefiting from the project to deposit local matching funds with the department for the project. The amount of the local match may be determined by NMDOT based on the political subdivision’s financial capacity to pay a portion of the project from local resources pursuant to rules promulgated and filed by the Department of Transportation on or before September 1, 2013.

FISCAL IMPLICATIONS

As reported in the “December 2012 Consensus Revenue Estimate,” total motor vehicle excise tax revenues in FY2014 are forecast at \$126 million. The bill will distribute \$25 million of the Motor Vehicle Excise Tax to the State Road Fund. The bill also allows up to \$25 million transfer to the road fund from political subdivisions benefiting from the project. The NMDOT shall determine the matching amount for each political subdivision.

HB 81 appropriates \$25.0 million from the Road Fund to be used by NMDOT for expenditure in FY14 for its major investment projects, including deferred projects authorized in Laws 2003 (1st S.S.), Chapter 3, Sections 27 and 28.

The HTPWC amendment clarifies that the fiscal impact occurs in FY14.

TECHNICAL ISSUES

The HTPWC amendment fixes the technical issue identified in the previous FIR by adding an applicability date and distribution language so that the entire fiscal impact occurs in FY14.

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| <p>Does the bill meet the Legislative Finance Committee tax policy principles?</p> <ol style="list-style-type: none">1. Adequacy: Revenue should be adequate to fund needed government services.2. Efficiency: Tax base should be as broad as possible and avoid excess reliance on one tax.3. Equity: Different taxpayers should be treated fairly.4. Simplicity: Collection should be simple and easily understood.5. Accountability: Preferences should be easy to monitor and evaluate |
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