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FISCAL IMPACT REPORT

ORIGINAL DATE 02/11/13
SPONSOR Garcia, MP/Lopez **LAST UPDATED** 02/26/13 **HB** 231/aHTPWC

SHORT TITLE Low-Income Disabled Person Car Registration **SB** _____

ANALYST Boerner

REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
\$0.0	(\$655.0)	(\$688.0)	Recurring	State Road Funds
\$0.0	(\$222.0)	(\$234.0)	Recurring	Local Governments
\$0.0	(\$51.0)	(\$54.0)	Recurring	TRD-MVD Operating Funds
\$0.0	(\$15.0)	(\$16.0)	Recurring	County and Municipal MVD Agents
\$0.0	(\$16.0)	(\$17.0)	Recurring	Highway Infrastructure Fund
\$0.0	(\$9.0)	(\$9.0)	Recurring	Litter Control and Beautification Fund
\$0.0	(\$9.0)	(\$9.0)	Recurring	Recycling and Illegal Dumping Fund
(\$0.0)	(\$977.0)	(\$1,027.0)	Recurring	Total

(Parenthesis () Indicate Revenue Decreases)

** The formulas that determine how much of various fees are distributed to which recipients are complex; distribution represents an approximation. There are currently 130,138 individuals with handicap placards. The estimated revenue impact assumes that one quarter of those (32,535) would qualify under the bill's definition of disabled and are not already taking advantage of the free registration available to 100 percent disabled veterans. The analysis further assumes that half of those disabled individuals (16,267) might qualify under the bill's low-income provisions; that all qualified persons currently renew their vehicle registrations annually rather than opting for the two-year registration option; that the average waived registration fee is \$60; and that the number of qualifying individuals increases at 5 percent per year.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$0.0	\$0.0	\$0.0		None

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB155 Replacement Fees for Car Placards (Imposed)

SOURCES OF INFORMATION

LFC Files

Responses Received From

NM Department of Transportation – Revenue Planning (NMDOT)

Taxation and Revenue Department (TRD)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of HTPWC Amendment

The HTPWC amendment changes references to “adjusted gross income” to read “modified gross income.”

Synopsis of Original Bill

This bill adds a new section to the Motor Vehicle Code relating to fees. Residents of New Mexico with an annual adjusted income of \$15 thousand will be exempt from payment of any motor vehicle registration fees on one vehicle owned by the individual.

Individuals claiming the exemption are required to sign an affidavit and provide a tax return or other proof of income to demonstrate eligibility.

The bill defines “disabled person.”

The effective date of the provisions of the bill is July 1, 2013.

FISCAL IMPLICATIONS

The bill reduces revenue for the state road fund and other funds. The TRD reported no additional administrative fiscal impact for the implementation of the provisions of the bill.

POLICY ISSUES

The exemption would apply to all “bona fide” residents of New Mexico, presumably including undocumented immigrants.

ADMINISTRATIVE IMPLICATIONS

The TRD will need to establish rules and procedures for verifying the vehicle owner's annual income and qualifying disability.

TECHNICAL ISSUES

The DOT notes that the bill specifies the exemption would apply to disabled persons with an annual adjusted gross income (AGI) of less than \$15 thousand. Since AGI may refer to either a single person or a married person, the use of AGI without considering filing status provides unequal treatment of single and married persons. The bill should probably be amended to specify an income threshold for both single and married income tax filing status.

CEB/blm