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

ORIGINAL DATE 02/13/13
SPONSOR Lundstrom **LAST UPDATED** ______ **HB** 410

SHORT TITLE Motor Tax for Highway Projects & Project Fund **SB** ______

ANALYST Smith

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15	FY16	FY17		
	$41.580.0	$43.230.0	$44.880.0	$47.461.0	Recurring until FY2029	Major Investment Highway Project Fund

(Parenthesis ( ) Indicate Revenue Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Department of Transportation (DOT)

Responses Not Received From
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis if Bill

House Bill 404 would provide for a temporary increase in Motor Vehicle Excise Tax to fund the completion of major investment highway projects and creates the Major Investment Highway Project Fund.

This bill proposes to temporarily increase the rate of motor vehicle excise tax from 3% to 4% until July 1, 2028. The receipts from the tax and any associated interest and penalties would be deposited in the Motor Vehicle Suspense Fund. At the end of each month, the net receipts would be distributed as follows:

- 75 percent to the General Fund,
- 25 percent to the Major Investment Highway Project Fund.

Proceeds in the Major Investment Highway Project Fund could be used by the State Transportation Commission to issue and sell bonds for the development and construction of ten designated major investment highway projects totaling $300 million. Any balances that remain in the fund after the bonds have been retired shall revert to the State Road Fund for the acquisition of rights of way, planning, design, engineering, construction, improvement and maintenance for state highway projects.

The designated projects are:

- $35 million for new six-lane construction of interstate 25 from mile point 0 to mile point 6;
- $15 million dollars for new six-lane construction of United States route 70 from mile point 148.8 to mile point 150.1;
- $50 million dollars for reconstruction of United States route 54 from mile point 130 to mile point 163;
- $25 million to widen each direction of interstate 25 to six lanes from Rio Bravo boulevard south to the future Mesa del Sol interchange;
- $25 million to construct a new interchange on interstate 25 at Mesa del Sol;
- $25 million to replace the bridge on United States route 54 at mile point 325.3;
- $25 million for rehabilitation and reconstruction at the junction of United States routes 64 and 87;
- $25 million to complete the capacity and safety enhancement of United States route 64 from mile point 56 to mile point 60;
- $25 million dollars for reconstruction of New Mexico state road 68 from Espanola to Velarde;
- $50 million for new four-lane construction of United States route 491 from mile point 25.9 to mile point 41.8.

FISCAL IMPLICATIONS

The Department of Transportation (DOT) notes that, while there is no current net impact to the DOT and the State Road Fund as a result of not enacting this bill, the bill would provide $300 million in bonding capacity in order for the DOT to address ten major investment projects that will likely take several years to prioritize and fund under traditional means of funding for such projects through the Statewide Transportation Improvement Plan (STIP) process.

SIGNIFICANT ISSUES

Current revenue for state road funds, even when combined with federal funds, is insufficient to address needs critical to the economic welfare of the state. The DOT economic analysis suggests state road funds will be negatively impacted even further as a result of fuel-efficient vehicles and declining population in the state. According to the DOT, there are currently at least $1.5 billion in unfunded construction needs across the state, including a routine maintenance gap of approximately $225 million, structurally deficient bridge repair needs of $250 million, and heavy equipment replacement needs of $150 million. Further, there are downtown "main street" reconstruction funding needs of approximately $340 million and major investment project and interchange funding needs of approximately $425 million. GRIP projects that have been deferred for lack of funding total $390 million. Although other states are exploring options to address similar problems, the department is not currently considering plans for additional revenue sources.

Does the bill meet the Legislative Finance Committee tax policy principles?

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

SS/blm