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FISCAL IMPACT REPORT

ORIGINAL DATE 2/27/15

SPONSOR HWMC LAST UPDATED _____ HB 91/HWMCS

SHORT TITLE Driver's Ed Insurance Reduction Age SB _____

ANALYST Malone

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		0.0	0.0	0.0		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Transportation (DOT) (on original legislation)

Office of the Superintendent of Insurance (OSI) (on original legislation)

SUMMARY

Synopsis of HWMC Substitute

The House Ways and Means Committee substitute for HB 91 amends 66-10-12 NMSA 1978 (Motor Vehicle Code) by altering the exemption from the Driving School Licensing Act to include nonprofit corporations that provide motor vehicle accident prevention courses approved by the Traffic Safety Bureau of DOT and that are engaged in providing courses exclusively for drivers who are fifty years of age or older.

FISCAL IMPLICATIONS

None noted.

SIGNIFICANT ISSUES

OSI notes that the rates charged by the major auto insurer that is endorsed by AARP (an advocate of this bill) gradually decrease by driver's age until around age 60, when they begin to gradually increase, implying that a deterioration in driving skills begins to emerge around age 60. The age 50 appears to have been chosen to accommodate the age range of AARP membership and make eligible for reduced premiums more individuals who choose to take an accident prevention course.

The DOT's Traffic Safety Division has oversight of driver education training programs including teen driver education, DWI school, motorcycle safety, *and training provided by nonprofit corporations that provide motor vehicle accident prevention courses for drivers age 55 and older.* The Traffic Safety Division has currently reviewed and approved an existing training program that meets the criteria for an insurance premium reduction. So, the age change would merely make individuals between 50 and 55 who choose to take the course eligible for an insurance premium reduction.

According to DOT, in 2013, over 100,000 people were involved in crashes. Drivers 50-54 accounted for 5,400 of those crashes, while drivers 55-59 accounted for over 4,700 of them.

PERFORMANCE IMPLICATIONS

By reducing the minimum age of eligibility for these vehicle accident prevention courses specifically targeting older drivers, and thus decreasing the qualifying age for an insurance premium reduction to 50, more drivers may receive training. Such additional driver training may assist in reducing crashes by increasing awareness of driving issues among this age group.

CEM/je/aml