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FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/16

SPONSOR Leavell LAST UPDATED _____ HB _____

SHORT TITLE Motor Vehicle Tax to Road Fund for 4 Years SB 7

ANALYST Alejandro

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18	FY19	FY20		
(\$1,200.0)	(\$15,200.0)	(\$62,800.0)	(\$112,700.0)	(\$164,000.0)	Recurring	General Fund
\$1,200.0	\$15,200.0	\$62,800.0	\$112,700.0	\$164,000.0	Recurring	State Road Fund

Parenthesis () indicate revenue decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

Tax and Revenue Department (TRD)

Department of Transportation (DOT)

State Treasurer's Office (STO)

SUMMARY

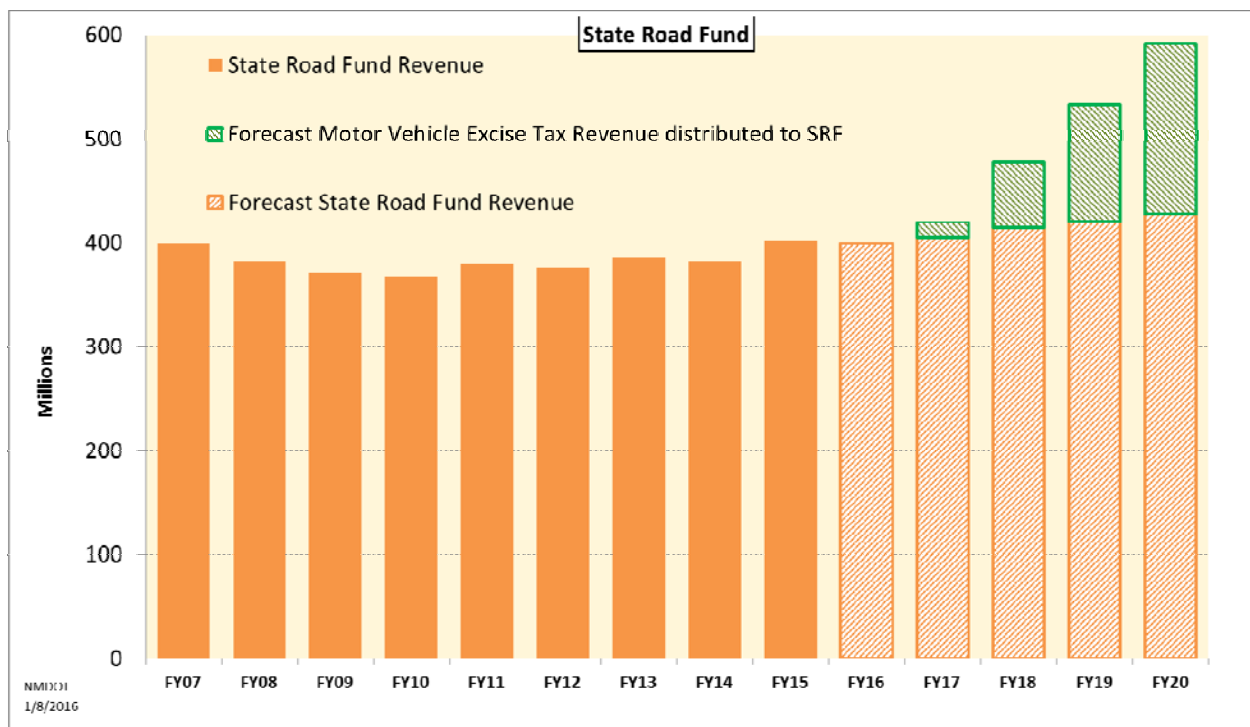
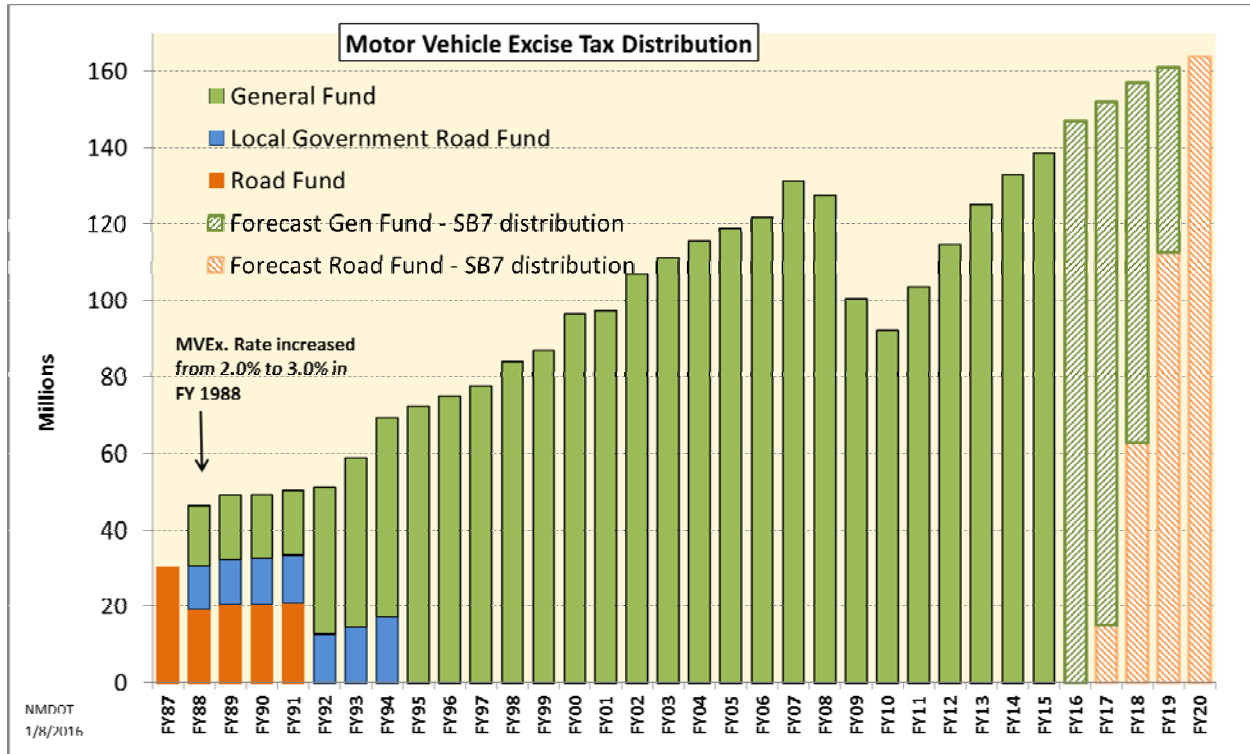
Senate Bill 7 seeks to redistribute the motor vehicle excise tax (MVEX) from the general fund to the state road fund over a four-year period as follows:

- prior to July 1, 2016, 100 percent is distributed to the general fund;
- in FY17, 90 percent to the general fund and 10 percent to the state road fund;
- in FY18, 60 percent to the general fund and 40 percent to the state road fund;
- in FY19, 30 percent to the general fund and 70 percent to the state road fund; and
- after July 1, 2019, 100 percent to the state road fund.

FISCAL IMPLICATIONS

DOT indicates that the bill increases the overall State Road Fund revenue of approximately 4 percent in FY17, 14 percent in FY18, 27 percent in FY19 and 39 percent in FY20. However, any

additional distribution to the road fund will result in an equal loss of revenue going to the general fund. The result of this bill is road fund revenues will increase by \$164 million when fully implemented. Correspondingly, general fund revenues will be reduced by the same amount. This revenue estimate prepared by DOT is based on the December 2015 Consensus General Fund Forecast and on the January 2016 State Road Fund estimates.



ADMINISTRATIVE IMPLICATIONS

DOT and TRD indicate that any added administrative burdens resulting from enacting this bill would be minimal.

TECHNICAL ISSUES

TRD interprets the changes to apply beginning July 1, 2016, which represents June 2016 revenue. If the sponsor of the bill intended for these changes to apply to revenue beginning July 1, 2016, TRD recommends that an Applicability Section be added to the bill to clarify that the changes apply to revenues beginning July 1 of each year, beginning in 2016 and ending in 2020 when the distribution to the State Road Fund will be completely phased-in.

LA/al/jle