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## FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_  
**ORIGINAL DATE** 2/22/23

**SPONSOR** Martinez, A

**BILL**

**SHORT TITLE** No Driver's Licenses For Certain People **NUMBER** House Bill 443

**ANALYST** Anderson

### REVENUE\* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
NFI	(\$1.8-\$3.4)	(\$1.8-\$3.4)	Recurring	Motor Vehicle Suspense Fund

Parentheses ( ) indicate revenue increases.  
 \*Amounts reflect most recent version of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Choose an item.	\$26.7	Choose an item.		Nonrecurring	TRD Motor Vehicle Operating Budget

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent version of this legislation.

### Sources of Information

LFC Files  
Responses Received From  
 Taxation Revenue Department (TRD)  
 Office of the Superintendent of Insurance (OSI)

## SUMMARY

### Synopsis of House Bill 443

This bill amends 66-5-5 NMSA 1978 to provide that anyone whose driver's license has been suspended, denied or revoked within three years of applying for a driver's license may not be licensed without providing evidence of personal responsibility. The statute is also amended to add a definition of evidence of personal financial responsibility and move the requirement from the vehicle to the individual for evidence of financial responsibility.

There are changes to the definitions of evidence of financial responsibility from "evidence of the ability" to "a filing with the department of a written certificate from an insurance carrier duly

authorized to do business in New Mexico”.

The effective date of this bill is July 1, 2023.

## FISCAL IMPLICATIONS

The added restrictions on individuals who can apply for a driver’s license could reduce the number of individuals applying for licenses and impact revenue. The fee for a four-year NM driver’s license fee is \$18 or \$34 for an eight-year license. If HB443 restricts 100 people in one year from applying for a license, the amount of revenue lost to the state could be between \$1,800 and \$3,400. This could add up to as much as \$17 thousand in revenue loss over the course of five years in driver’s license registration fees.

TRD responded its Motor Vehicle Division (MVD) would incur operating costs for updating the agency’s Tapestry database to add a requirement of evidence of personal responsibility for if a driver’s has been suspended, denied, or revoked within three years:

The estimated time to develop, test, and implement the changes is approximately 480 hours, or three months, for an estimated \$26.7 thousand of staff workload cost.

## SIGNIFICANT ISSUES

House Bill 443 requires the state’s insurance companies to provide written certificates certifying that a liability insurance policy for the benefit of a person is in effect. The operational impacts to insurance companies is indeterminate but potentially substantial. HB443 also requires the written certificate to be issued “regardless of the vehicle the person operates.”

The Motor Vehicle Division of TRD commented on the impact of the language amendment:

This would be a significant change from the customer presenting an insurance card and MVD capturing the image for verification. Instead, MVD would require a standardized written certificate of personal financial responsibility directly from the insurance carrier duly authorized to do business in New Mexico, which is outside of the current process and will cause delay in transactions. That document would then be stored in MVD’s Tapestry system, and with MVD’s financial responsibility unit.

TRD did not indicate estimates or specific amounts of times for the delays. The agency also expressed concerns about the need to operationally revamp processes at the MVD:

HB443 as presented would require a complete redesign of how MVD intakes insurance. MVD would need to have a direct interface with Pasco, the third party that provides electronic insurance verifications. (MVD) would also need receive a current list from Office of Superintendent of Insurance as (it) currently does not know who is authorized to do business in New Mexico.

<https://www.mvd.newmexico.gov/vehicles/insurance/>

According to a 2021 study by the Insurance Research Council (IRC), New Mexico had the fourth highest percentage of uninsured motorists in the nation at 21.8 percent (compared with Mississippi, at 29.4 percent). IRC outlined the cost for noncompliance with state insurance

requirements:

<https://www.iii.org/fact-statistic/facts-statistics-uninsured-motorists>

At-fault drivers who fail to comply with state insurance requirements increase the cost of insurance for those who comply with state requirements. Insured drivers paid, on average, approximately \$78 per insured vehicle in 2016 for insurance protection against at-fault drivers who are uninsured or who have inadequate insurance to cover the medical costs and property damage incurred by others. Across the U.S., insured drivers in 2016 paid more than \$13 billion for uninsured/underinsured motorist coverage.

## ALTERNATIVES

TRD made a suggestion for the following alternative:

If the language on page 7 Section 2 letter A were to remain unchanged it would allow for the current processes used to manage the financial responsibility tied to a vehicle. The personal financial responsibility as defined and for the purpose of this bill could be captured on Page 8, line 10, letter B. This change would allow for both types of financial responsibility to be required as needed.

TRD also suggested an effective date of January 1, 2024, rather than July 1, 2023.

GA/rl/hg