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FISCAL IMPACT REPORT

SPONSOR <u>Wirth/Szczepanski</u>	LAST UPDATED <u>2/20/23</u>
	ORIGINAL DATE <u>2/1/23</u>
SHORT TITLE <u>City or County Mandatory Vehicle Inspections</u>	BILL NUMBER <u>Senate Bill 48/aSJC</u>
	ANALYST <u>Gaussoin</u>

REVENUE* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
	Indeterminate but minimal	Indeterminate but minimal	Recurring	MVD Suspense Fund

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Contractual Services	\$580.0			\$580.0	Nonrecurring	TRD operating budget
Staff Costs	\$53.0			\$53.0	Nonrecurring	TRD operating budget
Other	\$10.0			\$10.0	Nonrecurring	TRD operating budget
Total	\$643.0			\$643.0		

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 71

Sources of Information

LFC Files

Responses Received From
Taxation and Revenue Department (TRD)

No Response Received
Municipal League
New Mexico Counties

SUMMARY

Synopsis of SJC Amendment

The Senate Judiciary Committee amendment to Senate Bill 48 exempts vehicles purchased from a licensed dealer within two years from any vehicle noise and maintenance inspection program if one exists in the vehicle owner's place of residence.

Synopsis of Original Bill

Senate Bill 48 (SB48) authorizes class A counties (Bernalillo, Doña Ana, Sandoval, San Juan, and Santa Fe) and municipalities in those counties to adopt a vehicle noise or safety inspections program and requires the Motor Vehicle Division (MVD) of the Taxation and Revenue Department (TRD) to refuse to register vehicles from those counties without proof of inspection or exemption. The bill provides for a penalty of \$50 for using an improper location or registration to avoid a mandatory inspection.

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

FISCAL IMPLICATIONS

TRD reports its Information and Technology Division would have to invest 2,760 hours, or 17 months, to develop, test, and implement the changes required in SB48 at a cost of about \$633 thousand (\$580 thousand for a contractor and \$53 thousand for staff). TRD provides an extensive list of changes that would have to be made to Tapestry, its MVD customer interface system, to build in the enforcement of a vehicle noise or safety inspection program. The department notes it would also have to redesign vehicle re-registration postcards at a cost of \$10 thousand.

SIGNIFICANT ISSUES

TRD raises concerns the lack of consistent standards across implementing cities and counties would complicate implementation at MVD and suggests greater specificity in the bill:

Consistent requirements across all participating counties and municipalities will be essential in the program development for MVD. For instance, the legislation allows for exclusion of vehicle types and year models but does not define what those are, leaving each county and municipality to establish their own criteria. As the bill is currently written MVD could potentially have to create software functionality for multiple scenarios across multiple locations, which would not be an efficient outcome for MVD. The more variance that is created the harder it is to program, implement, manage, and enforce.

The department also reports implementing the changes before the bill's effective date of July 1, 2023, is impossible.

Neither the Municipal League nor New Mexico Counties responded to requests for the impact of this bill on class A counties and their municipalities; however, the bill does not mandate the programs, leaving it to the local government to decide whether an inspection program is financially feasible or necessary.

“Noise Cameras.” The Albuquerque City Council in December approved a pilot program to install technology that would listen for loud vehicles. Councilors argued it would be a way to identify street racing and aggressive drivers.

ADMINISTRATIVE IMPLICATIONS

TRD suggests the program be set up similar to that used for the city of Albuquerque’s emissions testing requirement, which is operated with Albuquerque Air Care:

To build a successful program, MVD would request that any Class A county or municipality wishing to initiate a mandatory vehicle inspection program under the authority of this legislation would use the Albuquerque Air Care model as a template and work closely with MVD during the implementation process. Albuquerque Air Care uses a third party to interface with MVD’s Tapestry system in the management of its program. It has taken years of all parties working together to stabilize the exchange of information and effectiveness of this partnership. As with any program, there have been breakdowns such as vehicles being flagged for the emission requirement incorrectly. These instances require a great deal of intervention to provide resolution to MVD customers. A standard registration renewal for a citizen subject to providing proof of emissions compliance can increase the transaction time in a field office by 5 to 10 minutes.

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