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FISCAL IMPACT REPORT

LAST UPDATED _____
ORIGINAL DATE 1/31/25

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BILL

SHORT TITLE Nonrepairable Vehicle Certificates **NUMBER** House Bill 99

ANALYST Montano

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
MVD	No fiscal impact	No fiscal impact	No fiscal impact			

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

Sources of Information

LFC Files

Agency Analysis Received From
 Taxation and Revenue Department (TRD)
 New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of House Bill 99

House Bill 99 (HB99) reorganizes provisions related to nonrepairable vehicle certificates and introduces new procedures for insurance companies to obtain salvage or nonrepairable vehicle titles when they pay total loss claims. The bill amends Section 66-3-4 NMSA 1978 and enacts a new section, 66-3-4.1 NMSA 1978, to create a clearer legal framework for processing nonrepairable vehicles.

If an insurance company is unable to obtain a properly endorsed certificate of title from the vehicle owner, it may apply directly to the Motor Vehicle Division (MVD) for a salvage or non-repairable vehicle certificate. However, this process cannot begin until at least thirty days after the total loss payment is issued. The insurance company must provide evidence that it has attempted to contact the owner at least twice via certified mail, with each request spanning at least ten days apart. Additionally, the insurer must submit proof of payment to the vehicle owner, which can be a copy of a deposited check or a screenshot of the payment transaction from the insurer’s claim system.

The bill also introduces electronic processing options for title transfers. Notarization is no longer required for documents transferring ownership of total loss vehicles, allowing for electronic signatures instead. If an owner of a nonrepairable vehicle chooses to retain possession of the vehicle, the insurance company must notify MVD of this decision, and the owner must submit a

properly endorsed title or other proof of ownership within twenty days. Finally, the bill requires that insurance companies indemnify MVD against any claims arising from the issuance of salvage or non-repairable vehicle certificates under these new provisions.

FISCAL IMPLICATIONS

This bill does not directly impact MVD's budget, however, it does protect New Mexicans from fraudulent vehicle transfers that include a non-salvageable or destroyed car. The Taxation and Revenue Department also added this commentary regarding this process:

The bill will streamline the process between vehicle insurers and vehicle salvagers. Vehicle salvagers report issues in obtaining title to vehicles that have been deemed a total loss. Vehicle title transfer from the vehicle owner to the insurer when the claim is approved and paid, currently requires that the owner provide a properly endorsed title to the insurance company to complete the transfer of ownership into the insurers name. This bill proposes that if an insurer is unable to obtain the vehicle title from the owner, the insurer may submit proof that all owners and lienholders with an interest in the vehicle have been notified in writing, proof of paid claim to the vehicle owner, and evidence of attempts made by the insurer to obtain the vehicle title made by certified mail showing evidence of delivery or refusal. The insurer shall hold MVD harmless for any claims resulting from issuance of a salvage vehicle title or non-repairable vehicle certificate pursuant to this proposed process.

This bill will only alter TRD's operating budget if MVD is not able to absorb the costs of providing this service. However, TRD projects there will not be any fiscal impact from this bill on its operating budget.

SIGNIFICANT ISSUES

This bill promotes fraud prevention and clarity in the process of obtaining evidence of owning a vehicle after it has been declared a total loss. The guidelines created in this bill help reduce the risk of fraudulent transactions with salvage and non-repairable vehicle titles. By requiring more precise vehicle title and ownership verification, HB99 would allow MVD to better safeguard citizens from illegal resale of non-salvageable cars.

TRD notes:

The indemnification section should require the insurance company to defend the department against all claims. That is easily remedied by insertion of the word "defend" in the first sentence of Section 66-3-4.1(G) NMSA 1978 at page 12, line 16. The suggested update is that Subsection G be revised to include the word "defend" after "indemnify".

TRD had this commentary regarding the electronic signatures mentioned in this bill:

Page 10, Line 2 permits electronic signatures for the conveyance of ownership of a motor vehicle to an insurance company following a total loss settlement. However, Powers of Attorney and Odometer Statements may still require wet signatures. While federal requirements for electronic signatures are established, these are not fully met unless the documents are uploaded. Even then, it appears that the National Institute of Standards and Technology requirements may not be satisfied.

ADMINISTRATIVE IMPLICATIONS

If there is a high volume of insurance companies interested buying certificates of non-repairable vehicles, and the insurance companies properly complete the procedure, then MVD performance may decline; however, it is expected that there will be no performance impact on MVD.

MVD will now be required to provide insurance companies with an electric title if the insurance company waited 30 days and provided evidence that they successfully contacted and paid the owner of the vehicle. This will require the MVD to update manuals, the website, and provide updated training to staff to properly inform and handle the availability of electric titles for certificates of non-repairable vehicles.

NM/hj/SL2