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FISCAL IMPACT REPORT

SPONSOR <u>Hochman-Vigil</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/17/2025</u>
SHORT TITLE <u>Autonomous Vehicle Act</u>	BILL NUMBER <u>House Bill 148</u>
	ANALYST <u>Simon</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
TRD	No fiscal impact	\$500.0	No fiscal impact	\$500.0	Nonrecurring	Motor Vehicle Suspense Fund
NMDOT	No fiscal impact	Up to \$300.0	Up to \$300.0	Up to \$600.0	Recurring	State Road Fund
Federal Highway Funds	No fiscal impact	Unknown, possibly substantial	Unknown, possibly substantial		Recurring	State Road Fund
Total	No fiscal impact	Up to \$800.0	Up to \$300.0	Up to \$1,100.0		

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)
 Economic Development Department (EDD)
 Department of Public Safety (DPS)
 Department of Transportation (NMDOT)

Agency Declined to Provide Analysis
 Office of Superintendent of Insurance (OSI)

SUMMARY

Synopsis of House Bill 148

House Bill 148 (HB148) would amend the Motor Vehicle Code to allow autonomous motor vehicles to be operated on New Mexico’s roadways provided a human operator is physically present behind the steering wheel and has the ability to take control of the vehicle, the driver has a valid driver’s license and the person is competent to operate the vehicle, and the owner, operator, or manufacturer has certified to the Department of Transportation (NMDOT) the

vehicle has been tested for at least 10 thousand miles. The requirement for a human operator would sunset in 2036. A human operator must take control of a vehicle to yield to an emergency vehicle or school bus, in a school or construction zone, or in a parking area for parks, playgrounds, schools, libraries, or swimming or sports facilities. Additionally, the bill would prohibit autonomous commercial motor vehicle operations on a public highway, except for testing, unless other purposes have been approved by the National Highway Traffic Safety Administration.

The bill would require autonomous vehicles to record and store data from vehicles sensors, inward and outward facing dashboard cameras, interior indicators the autonomous system is engaged, and safety alerts for human operators. Safety systems may not be disabled or degraded.

The bill amends the section of current law requiring drivers to have insurance to include coverage for death, bodily injury, and property damage of \$150 thousand for autonomous motor vehicles and of \$5 million for autonomous commercial vehicles. Current law requires coverage of \$10 thousand for property and \$50 thousand for bodily injury or death of two or more people.

The effective date of this bill is January 1, 2026.

FISCAL IMPLICATIONS

NMDOT anticipates HB148 would require additional staffing through either new employees or reallocating current employees to receive vehicle certification and data, review and approve operating plans, and track data related to autonomous vehicle crashes. Analysis from the department does not project a potential fiscal impact for this new responsibility. Assuming the new functions would require between 1 and 3 FTE and based on a projected average cost of \$90 thousand per FTE in NMDOT's Modal Program, where motor vehicle regulation is currently housed, this could lead to increased costs of between \$90 thousand and \$270 thousand. The department might also realize rulemaking and other costs.

NMDOT notes the approval of autonomous vehicle plans could subject the department to additional liability but does not project possible liabilities that could result. NMDOT recommends amending the bill to indemnify the state from any liability that could arise from the approval of an autonomous vehicle operating plan.

The bill would require the Taxation and Revenue (TRD) to create a new endorsement for commercial driver's licenses, add a new exam type for autonomous vehicles, and make other changes to TRD's IT systems, which the department estimates would require \$405 thousand in contracts and \$100 thousand in costs to create autonomous vehicle endorsements. In addition, the department projected \$117 thousand in staffing costs. TRD anticipates these costs to be nonrecurring. Because the staffing costs are reported as nonrecurring, it is assumed TRD would not need to add additional staffing and would need to manage staffing within available resources.

Analysis from NMDOT notes the importance of complying with federal regulations regarding driver's licenses. NMDOT states:

An additional potential fiscal impact could result if the bill's section requiring TRD to create a new operator classification for [commercial driver's license] holders is determined to be in conflict with federal [commercial driver's license] regulations. Such conflict with the federal regulations could result in the loss of federal highway funding.

SIGNIFICANT ISSUES

NMDOT notes regulation of automotive equipment is regulated by the National Highway Traffic Safety Administration and the department would have to adhere to already established regulations. Plan approvals would be based on consistency with federal regulations.

The bill would require owners or operators of autonomous vehicles to report to NMDOT in the event of crash or collision with a vehicles, person, or object, a near collision, or other failure of an automated driving system, including traffic violation, autonomous disengagements, or unplanned stops. Owners and operators have 48 hours to report information in the event of a collision that results in property damage, injury, or death. NMDOT would be required to report annually on the performance and impact of autonomous vehicles, including the vehicles safety records. Analysis from the Department of Public Safety notes this would require updates to the standardized statewide crash report.

The bill includes a new commercial driver’s license endorsement for autonomous commercial vehicles. Analysis from TRD notes the Federal Motor Carrier Administration (FMCSA) issues guidelines on endorsements and testing requirements. The department states “introducing a separate state-level endorsement would not provide any regulator or operational benefit” because the endorsement would not be recognized at the federal level. The department states:

Federal law classifies commercial AVs as standard Class A, B, or C vehicles when stationary, meaning drivers with the appropriate class endorsement can operate them without an additional AV endorsement under FMCSA rules. This state-specific endorsement would not provide any practical benefit and could create regulatory misalignment. Additionally, [TRD] would be responsible for defining and establishing the criteria for acceptable training documentation provided by the AV manufacturer or its designated representatives as a requirement for issuing the AV endorsement.

The bill would create new, higher minimum insurance requirements for autonomous vehicles. Currently, drivers are required to have \$10 thousand in coverage for property damage or destruction, \$25 thousand in coverage for bodily injury or death of one person, and \$50 thousand in coverage for bodily injury or death of two or more people. The bill would require autonomous vehicles to have \$150 thousand in coverage or, for commercial motor vehicles, \$5 million in coverage. It is unclear what impact these requirements will have on automobile insurance in New Mexico. Communication from the Office of Superintendent of Insurance stated the bill did not impact the Office of Superintendent of Insurance and the agency declined to provide an analysis of HB148.

Analysis from the Economic Development Department notes the requirements of the bill eliminates cost savings and logistical advantages autonomous vehicles have the potential to offer. The department also notes the vehicle requirements included in the bill would make it more expensive to operate autonomous vehicles in New Mexico and that surrounding states do not have similar requirements to those included in the bill. As a result, the bill could deter autonomous vehicle operators from locating, manufacturing, or testing in New Mexico.