

EACH OF US
DEFINES
ALL OF US.

Economic and Fiscal Impacts of Criminal Justice Fees on the State of New Mexico, FY17 to FY22

Prepared for the New Mexico Sentencing Commission

Omar Solis

MARCH 20, 2023

Executive Summary

The Bureau of Business and Economic Research (BBER) at the University of New Mexico has been commissioned by the New Mexico Sentencing Commission to review the nature of fines and fees charged by the criminal justice system in New Mexico and to estimate the economic and fiscal impacts of those fees. Additionally, BBER is tasked with estimating the economic effects of eliminating fee charges to indigent persons residing at or below the poverty level.

Nineteen unique fees are evaluated in this report in addition to criminal fines and bond forfeitures. At collection, fees are allocated to a variety of funds and/or other systems of use. Data from these fee funds, as well as the Motor Vehicle Department, U.S. Census, NM Department of Finance & Administration, and New Mexico Taxation & Revenue Department data, were employed to develop an estimate of the economic and fiscal impacts of criminal justice fees collection to the State of New Mexico.

The economic and fiscal impacts examined in this report suggest that reducing or eliminating fee collection would be beneficial to the State. It is important to recognize that external costs are not considered in this analysis. Costs like those related to maintaining a population incarcerated due to failure to pay court fees certainly add to missed employment, income, and output opportunities. Furthermore, the decline in fees collected across the period hints that fees are an unreliable source of revenue for the State.

The modeling software, IMPLAN, is utilized throughout the analysis. In this report, economic impact estimations determined through IMPLAN allow for the examination of tax impacts of fee collection by the State. Fee collection is treated as an economic *shock* to the New Mexico economy--fees reduce an individual's (or household's) wealth, thus reducing their ability to spend on local goods and services. These shocks are analyzed in two ways: (1) the consequential economic losses in terms of jobs, labor income, and industrial output and (2) the tax revenue lost by collecting fee dollars from median income earners.

Key Findings

Ultimately, the collection of court fees has a negative impact on the State's economy because these dollars cannot be spent on the purchase of goods and services, which would have a greater stimulus impact on local economies. Below are key outcomes resulting from fee collection:

- Between FY17-22, courts collected a total of \$106.7 million in fee revenue. Omitting contributions from interest earned on Magistrate bank accounts, civil legal service fees (civil filing fees), and juvenile adjudication fees, fee revenue totals \$97.3 million (Table 1).

Table 1 Fees Revenue FY17 to FY22, millions of dollars

	Fee Total
Magistrate Courts	\$48.7
Motor Vehicle Division	\$24.5
District Court	\$9.2
Bernalillo County Metropolitan Court	\$8.2
Municipal Courts	\$4.7
Red Light Revenue	\$1.6
Court of Appeals	\$0.3
Supreme Court	\$0.1
Total	\$97.3

- The \$97.3 million in fees collected equates to a loss of 618 jobs, \$27.6 million in labor income, and \$95.8 million in industrial output for the State (Table 2).

Table 2 Total Economic Impact of Fee Collection

	Employment	Labor Income	Output
FY17	134	\$5,625,822	\$19,516,522
FY18	131	\$5,680,122	\$19,693,781
FY19	129	\$5,617,383	\$20,038,339
FY20	92	\$4,250,393	\$14,064,666
FY21	66	\$3,187,723	\$11,225,900
FY22	66	\$3,210,166	\$11,304,938
Total	618	\$27,571,610	\$95,844,146

- Eliminating fees for households with incomes under the poverty threshold would reduce job losses by 120 jobs, labor income by \$5.3 million, and industrial output by \$18.5 million from FY17 through FY22 (Table 3).

Table 3 Total Economic Impact of Fees Collected from Households with Incomes below the Poverty Threshold

	Employment	Labor Income	Output
FY17	28	\$1,158,919	\$4,020,404
FY18	26	\$1,136,024	\$3,938,756
FY19	25	\$1,072,920	\$3,827,323
FY20	17	\$790,573	\$2,616,028
FY21	12	\$583,353	\$2,054,340
FY22	12	\$587,460	\$2,068,804
Total	120	\$5,329,251	\$18,525,654

- Economic impacts translate into fiscal impacts. This report considers the following taxes: gross receipts, residential property, non-residential property, personal income, and corporate income taxes.

The \$97.3 million in fees collected between FY17 and FY22 corresponds to a total loss of \$4.4 million in taxes (Table 4).

Table 4 Total Fiscal Impact of Fee Collection

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
FY17	\$762,070	\$811	\$5,899	\$23,674	\$12,982	\$805,435
FY18	\$790,068	\$821	\$4,199	\$25,524	\$18,059	\$838,671
FY19	\$851,615	\$800	\$5,230	\$26,297	\$3,463	\$887,405
FY20	\$589,759	\$583	\$2,614	\$18,689	\$6,027	\$617,672
FY21	\$609,381	\$427	\$2,121	\$12,885	\$1,736	\$626,550
FY22	\$613,671	\$430	\$2,136	\$12,976	\$1,748	\$630,961
Total	\$4,216,563	\$3,873	\$22,199	\$120,044	\$44,015	\$4,406,693

- Excluding households with incomes below the poverty threshold reduces tax losses to the State by roughly \$848,000, total (Table 5).

Table 5 Poverty Threshold Contribution to Fiscal Impacts

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
FY17	\$156,986	\$167	\$1,215	\$4,877	\$2,674	\$165,920
FY18	\$158,014	\$164	\$840	\$5,105	\$3,612	\$167,734
FY19	\$162,658	\$153	\$999	\$5,023	\$661	\$169,494
FY20	\$109,695	\$109	\$486	\$3,476	\$1,121	\$114,887
FY21	\$111,517	\$78	\$388	\$2,358	\$318	\$114,659
FY22	\$112,302	\$79	\$391	\$2,375	\$320	\$115,466
Total	\$811,172	\$749	\$4,319	\$23,213	\$8,706	\$848,160

- This report considers an approximate population of 373,500 cases paying fines and fees (Table 6).

Table 6 Cases in Report Population

	Cases	Poverty-Threshold Cases	Poverty-Threshold Cases with SNAP Enrollment
FY17	92,887	19,135	9,510
FY18	80,298	16,060	8,592
FY19	70,647	13,494	6,531
FY20	56,428	10,496	5,269
FY21	49,715	9,098	4,194
FY22	23,545	4,309	1,986
Total	373,520	72,590	36,082

- With poverty rates between 18-21 percent across the fiscal years, it is estimated that a total of 72,600 of the convicted population resides in a household with incomes below the poverty threshold.
- Because the enrollment rate for Supplemental Nutrition Assistance Program (SNAP) amongst these low-income households varies between 46-54 percent, an estimated 36,100 persons of those 72,600 impoverished are expected to be from households enrolled in SNAP.
 - SNAP data is examined because several states include SNAP enrollment status alongside annual income when determining a person's exemption from fee payments. Here, enrollment in SNAP functions as a proxy for estimating indigency totals who are genuinely unable to pay assigned court fees.

TABLE OF CONTENTS

Executive Summary	2
Introduction	11
Fines and Fees Totals	12
Methodology	15
Economic Impact Estimation	15
Fiscal Impact Estimation	17
Economic Impact Results	17
Total Fees	18
Poverty Threshold Contribution to Fees	18
Total without Poverty Threshold Contribution	19
Fees Remittance	20
Fiscal Impact Results	20
Total Fees	20
Poverty Threshold Contribution to Fees	21
Total without Poverty Threshold Contribution	22
Fees Remittance	22
Conclusion	23
Appendix 1: Glossary of Terms	24
Appendix 2: Overview of Fines and Fees, by Court	24
Court of Appeals	24
District Court	25
Magistrate Court	27

Bernalillo County Metropolitan Court	29
Municipal Courts	30
Supreme Court	32
New Mexico Motor Vehicles Division	33
Red Lights	35
Appendix 3: IMPLAN Overview	35
Appendix 4: Remittance Scenarios with Economic Impact	37
Appendix 5: Remittance Scenarios with Fiscal Impact	39
Appendix 6: Economic and Fiscal Effects of 50 percent Poverty Rate	41
Appendix 7: Overview of Fees	43

TABLE OF TABLES

Table 1 Fees Revenue FY17 to FY22, millions of dollars.....	3
Table 2 Total Economic Impact of Fee Collection	3
Table 3 Total Economic Impact of Fees Collected from Households with Incomes below the Poverty Threshold	3
Table 4 Total Fiscal Impact of Fee Collection.....	4
Table 5 Poverty Threshold Contribution to Fiscal Impacts	4
Table 6 Cases in Report Population	4
Table 7 Total Fines and Fees Revenue FY17 to FY22, millions of dollars.....	13
Table 8 Poverty and SNAP contributions to Fees Totals	15
Table 9 Total Economic Impact of Fee Collection	18
Table 10 Economic Impact of Fees Collected from Households with Incomes below the Poverty Threshold	18
Table 11 Economic Impact of Fees Collected without Poverty Threshold Contribution	19
Table 12 Economic Impact of Fees Remission	20
Table 13 Tax Impacts of Total Fees Collections.....	21
Table 14 Economic Impact of Fees Collected from Households with Incomes below the Poverty Threshold	21
Table 15 Fiscal Impact of Fees Collected without Poverty Threshold Contribution	22
Table 16 Fiscal Impact of Fees Remission	22
Table 17 New Mexico Court of Appeals Revenue Totals, thousands of dollars	25
Table 18 New Mexico District Court Revenue Totals, thousands of dollars	26
Table 19 New Mexico Magistrate Court Revenue Totals, thousands of dollars	28
Table 20 Bernalillo County Metropolitan Court Revenue Totals, thousands of dollars.....	29
Table 21 New Mexico Municipal Courts Revenue Totals, thousands of dollars.....	31
Table 22 New Mexico Supreme Court Revenue Totals, thousands of dollars.....	32
Table 23 New Mexico Motor Vehicle Division Revenue Totals, thousands of dollars.....	34
Table 24 New Mexico Red Light Revenue Totals, thousands of dollars.....	35
Table 25 Economic Impact of Scenario 1	37
Table 26 Economic Impact of Scenario 2	38

Table 27 Economic Impacts of Scenario 3	38
Table 28 Total Economic Impact of Fund Expenditures, Scenarios 1 to 3.....	39
Table 29 Fiscal Impacts of Scenario 1	39
Table 30 Fiscal Impacts of Scenario 2	40
Table 31 Fiscal Impacts of Scenario 3.....	40
Table 32 Total Fiscal Impact of Fund Expenditures, Scenarios 1, 2, and 3.....	40
Table 33 Economic Impact of Fees Collected assuming a 50 percent Poverty Threshold	41
Table 34 Fiscal Impact of Fees Collected assuming a 50 percent Poverty Threshold	42

TABLE OF FIGURES

Figure 1 Total Fines and Fees Revenues, FY17 to FY22,	14
Figure 2 Total Fines and Fees Revenues, by Entity, FY17 to FY22, millions of dollars.....	14
Figure 3 Poverty Threshold Differentials between Impacts of Fees	19
Figure 4 New Mexico Court of Appeals Revenue Collections, thousands of dollars.....	25
Figure 5 New Mexico District Court Revenue Collections, thousands of dollars	27
Figure 6 New Mexico Magistrate Court Revenue Collections, thousands of dollars	29
Figure 7 Bernalillo County Metropolitan Court Revenue Collections, thousands of dollars	30
Figure 8 New Mexico Municipal Courts Revenue Collections, thousands of dollars	31
Figure 9 New Mexico Supreme Court Revenue Collections, thousands of dollars	33
Figure 10 New Mexico Motor Vehicles Division Revenue Collections, thousands of dollars	34
Figure 11 New Mexico Red Light Revenue Collections, thousands of dollars	35

Introduction

The Bureau of Business and Economic Research (BBER) at the University of New Mexico has been commissioned by the New Mexico Sentencing Commission to review the nature of fines and fees charged by the criminal justice system in New Mexico. Moreover, BBER is tasked with estimating the economic and fiscal impacts of these fees. A third function of this report is to estimate the economic effects of eliminating fee charges to indigent persons residing at or below the poverty level.

The New Mexico Courts System consists of seven courts. This report evaluates and reviews fines and fees revenues generated by six of these courts: Court of Appeals, District Court, Magistrate Court, Bernalillo County Metropolitan Court, Municipal Courts, and New Mexico Supreme Court. The Bernalillo County *Probate Court* is not considered. Additionally, the present report includes a summary of fines and fees generated through the Motor Vehicles Division and Red Lights.

Nineteen unique fees are evaluated in this report as collected through the courts identified above, plus criminal fines and bond forfeitures. At collection, fees are allocated to a variety of funds and/or other systems of use. These are outlined below¹:

- Criminal Fines and Bond Forfeitures
 - Transfers to the Department of Finance and Administration, into the School Fund
- Judicial Education Fee
 - Transfers to UNM Institute of Public Law
- Bench Warrant Fee
 - Transfers to the Warrant Enforcement Fund at the Administrative Office of the Courts
- Magistrate Retirement Fee
 - Transfers to Public Employees Retirement Association for Magistrate Retirement
- DWI Prevention
 - Transfers to the Department of Transportation
- DWI Lab Fee
 - Transfers to the Department of Health; a portion transfers to the City of Albuquerque
- DWI Substance Abuse Fee
 - Transfers to the Department of Public Safety
- Traffic Safety Fee
 - Transfers to the Department of Transportation
- Corrections Fee
 - Vouchers are completed quarterly and provided to local government (counties)
- Court Automation Fee
 - Transfers to the Supreme Court Automation Fee Fund at the Administrative Office of the Courts
- Brain Injury Fee
 - Transfers to Human Services Department

¹ New Mexico Sentencing Committee: See Appendix 7 for more information.

- Court Facilities Fee and Criminal Court Costs
 - The voucher is sent to New Mexico Finance Authority
- Municipal Court Automation
 - Transfers to the Municipal Court Automation Fund at the Administrative Office of the Courts
- Drug Court Fee (only collected at Santa Fe Magistrate Court)
 - Remains in the Drug Court Fund at the Administrative Office of the Courts
- Domestic Violence Fee
 - Transfers to the Department of Finance Administration for the Domestic Violence Program at New Mexico Children, Youth, & Families Department.
- Mediation Fee
 - Remains in the Mediation Fund at the Administrative Office of the Courts
- Jury and Witness Fee
 - Generates revenue for the Jury and Witness Fund at the Administrative Office of the Courts
- Magistrate Court Operation Fee
 - Transfers to the State General Fund since the fee sunset on May 31, 2014
- Crime Victims Reparation Fee
 - Transfers to Crime Victims Reparation Commission
- Drug Court Penalty Assessment Fee
 - Stays Drug Court Penalty Assessment Fund at Administrative Office of the Courts (fee established in the FY20)

The report that follows begins with an overview of fines and fees collection totals from FY17 to FY22. Then, a brief summary of the economic impact methodology employing IMPLAN modeling software ensues. Economic impact results are utilized to estimate tax impacts—that procedure is discussed next.

Results include the economic impact of fee revenues through employment, labor income, and industrial output, by fiscal year. Subsequent sections show how these effects can be mitigated by eliminating fee charges for households with incomes below the poverty threshold in New Mexico. Next, are fiscal impact results which estimate potential tax revenue losses in response to fee collections. As with economic impacts, this report also evaluates how fiscal effects can be alleviated by eliminating criminal justice fees for low-income households. A brief conclusion follows.

Fines and Fees Totals

This section reviews fines and fees-related information for the New Mexico court system for the period spanning FY17 to FY22. Data from the NM Motor Vehicles Division and Red Lights are included in the totals. All figures are provided by New Mexico Sentencing Committee and are nominal, as provided for the affected year. A total of \$20,733 in juvenile adjudication fees and \$6,668 in interest earned through Magistrate bank accounts are excluded from summaries and analysis. Furthermore, civil legal service fees (civil filing fees) total \$9.3 million and are also omitted. See Appendix 2 for a thorough overview of fines and fees collected, by entity.

Collectively, the courts, plus the New Mexico Motor Vehicles Division and Red Lights generated around \$113.8 million in revenue from fines and fees in FY17 to FY22. (Table 7). Of that total, \$97.3 million were collected from fees, while the remaining \$16.5 million were sourced from criminal fines and bond forfeitures.

Table 7 Total Fines and Fees Revenue FY17 to FY22, millions of dollars

	Fines & Bond		Total
	Fees	Forfeitures	
Magistrate Courts	\$48.7	\$16.5	\$65.2
Motor Vehicle Division	\$24.5	\$0.0	\$24.5
District Court	\$9.2	\$0.0	\$9.2
Bernalillo County Metropolitan Court	\$8.2	\$0.0	\$8.2
Municipal Courts	\$4.7	\$0.0	\$4.7
Red Light Revenue	\$1.6	\$0.0	\$1.6
Court of Appeals	\$0.3	\$0.0	\$0.3
Supreme Court	\$0.1	\$0.0	\$0.1
Total	\$97.3	\$16.5	\$113.8

The Magistrate Courts record the largest fees-related revenues, totaling \$48.7 million, or about half of the \$97.3 million in total fees collected by all agencies. The Motor Vehicles Division logs around a quarter of the total, with \$24.5 million in fees. District courts report \$9.2 million in fees; the Bernalillo Metropolitan Court reports \$8.2 million. Fee revenues are smaller for the Municipal Courts, Court of Appeals, and the Supreme Court, at \$4.7 million from the Municipal Court, \$300,000 from the Court of Appeals, and around \$100,000 attributed to the Supreme Court. Red Light fee revenues totaled \$1.6 million from FY17 to FY22.

The Magistrate Court records the largest proportion of fines and bond forfeitures collected. It is responsible for more than 99.9 percent of the total \$16.5 million—rounding numbers brings other courts’ totals to zero in this table. The Municipal Courts also generated fines and bond forfeiture revenue, totaling around \$7,000 (rounded to zero in the table). The Motor Vehicles Division paid into the fines and bond forfeitures total--about \$5,000 (also rounded to zero).

The pie chart in Figure 1 shows differences in revenues from criminal fines and bond forfeitures and fees, collectively for FY17 and FY22. Fees contribute to 85 percent of total revenues, while fines make up the remaining 15 percent.

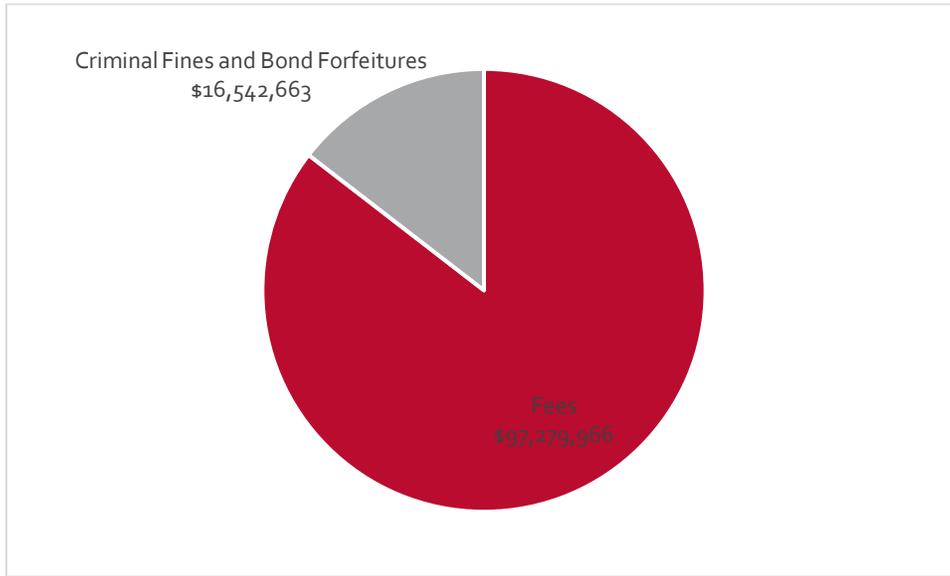


Figure 1 Total Fines and Fees Revenues, FY17 to FY22,

Fines and fee collections are further illustrated in Figure 2, by entity. By far the largest collector of related revenues is the Magistrate Court, with totals equal to approximately \$65.2 million. Motor Vehicles Division generates about a third of that, at \$24.5 million. District, Bernalillo County Metropolitan, and Municipal Courts see total fines and fees revenues of \$9.2 million, \$8.2 million, and \$4.7 million, respectively. Red lights, the Court of Appeals, and the Supreme Court see smaller totals (\$1.6 million, \$300,000, and \$100,000).

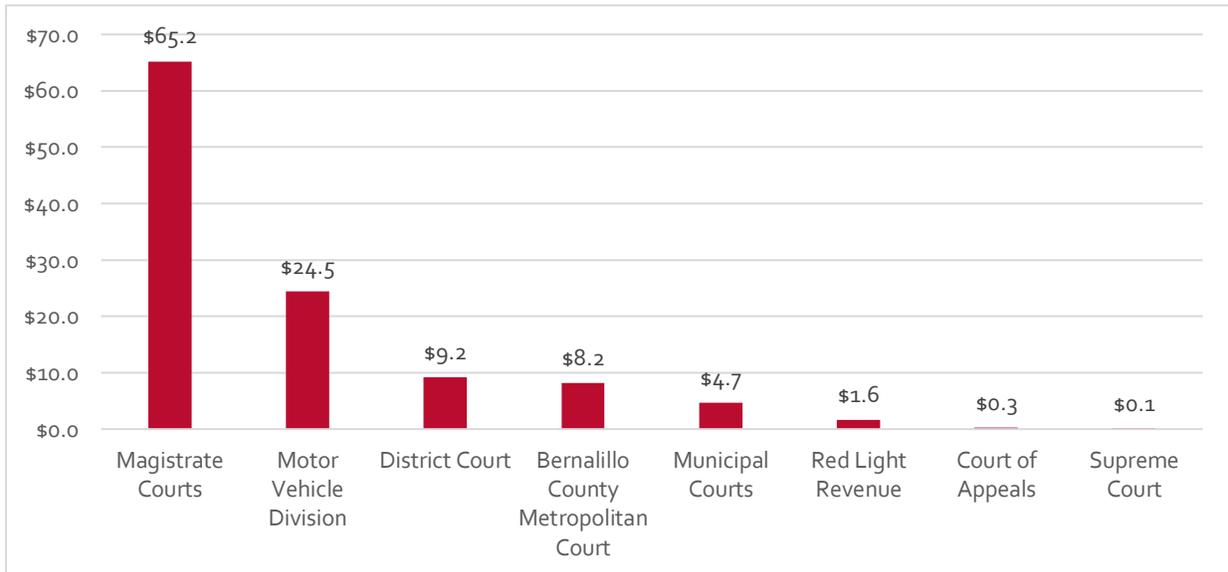


Figure 2 Total Fines and Fees Revenues, by Entity, FY17 to FY22, millions of dollars

Methodology

Economic and fiscal impact analyses are completed in this report. This section provides a brief review of methods used to estimate results in each type of analysis.

Economic Impact Estimation

The input-output modeling system, IMPLAN, is employed in this analysis. IMPLAN was introduced in 1972 as a tool for the U.S. Forest Service, but soon grew into a wider audience including academics, governments, developers, and consultants; the model has since become a leader in economic impact data and analytical applications. Academically, IMPLAN has informed researchers in institutions like Cornell University, Michigan State University, and the University of Illinois. Additionally, this methodology has been used to evaluate government programs by organizations including the U.S. Department of the Treasury and the U.S. Geological Survey.²

IMPLAN models the impact of economic activity on an established region. In the present, fees collected by each court and/or motor vehicle division & red lights are treated as a negative shock to the State’s median income households. Fee collections render dollars unavailable for individuals to purchase goods and services in the State economy. This analysis measures the impact of these costs between FY17 and FY22.

Impacts are assumed through the spending patterns of persons residing in households earning the median wage³. These figures differ by year. Table 8 records these data along with other values used in this analysis.

Table 8 Poverty and SNAP contributions to Fees Totals

	Median Income	Fees Revenue	Poverty Rate	Poverty Threshold Contribution	Poverty Threshold SNAP Enrollment	Poverty Threshold SNAP Contribution
FY17	\$46,718	\$18,025,390	21%	\$3,713,230	50%	\$1,845,475
FY18	\$48,059	\$18,421,485	20%	\$3,684,297	54%	\$1,971,099
FY19	\$49,754	\$18,777,631	19%	\$3,586,528	48%	\$1,735,879
FY20	\$51,243	\$15,558,591	19%	\$2,893,898	50%	\$1,452,737
FY21	\$49,754	\$13,170,606	18%	\$2,410,221	46%	\$1,111,112
FY22	\$49,754*	\$13,329,482	18%*	\$2,439,295	46%*	\$1,124,515

*FY21 median income, poverty rate, and poverty threshold SNAP enrollment data are used for FY22 as more recent data are not yet available.

Fee revenues are assigned as changes to household incomes in IMPLAN, at each calendar year’s median income. Poverty Threshold contributions are determined as a percentage of fee revenues, based on the poverty

² See IMPLAN.com for more information.

³ U.S. Census. Five-year estimates

rate in the State of New Mexico during the calendar year denoted by the fiscal year (FY17 is the calendar year 2017, etc.).

A second contribution is recorded in this table, *Poverty Threshold SNAP Contribution*. That column shows estimates for the proportion of court fees attributed to households with incomes below the poverty threshold which are enrolled in the Supplemental Nutrition Assistance Program. This information is important as several states (notably California and Colorado, which have eliminated a variety of court fees) include SNAP enrollment status and annual income when determining a person's exemption from payment of fees. Thus, the Poverty Threshold SNAP Contribution column serves as a proxy to aid in determining collection totals from households on the verge of indigency.

Because this report aims to estimate the impact of shocks on household incomes, the first point of review deals only with induced effects, which, in this case, record the effect of a household's spending patterns. As these households purchase goods and services, their dollars are used to support the inventory of shops and the incomes of their employed personnel. That personnel then spend their income on other goods and services, which in turn, support the inventory and salaries paid in those shops. This cycle continues until all the money has exited the geography—the State, in this case. The combined effects of each cycle are dubbed *total effects or total impacts*, in this report. A review of the IMPLAN process is available in Appendix 3.

Compare total effects to what is labeled *poverty threshold contribution*. Figures under that title represent the second point of review which measures the fees that should be forgiven for households with annual incomes beneath poverty thresholds (as determined through U.S. Census Five Year records). As sanctions, fines would remain in place regardless of financial circumstances and are not analyzed in this report.

Poverty threshold contributions offer a reduction in the cost of fees to local and state economies. This is because fewer fees would be collected should persons living under the poverty threshold be forgiven from fee payment. The reduction in cost is determined through the difference between total effects and poverty threshold contributions. Here, the difference between those two effects provides the *total without poverty threshold contribution*. This final effect represents the final cost of fee collection.

The present analysis further estimates the impact of fees with regard to disbursements undertaken by each of the funds described in the *Introduction*. Collected fees do not stagnate in government wallets. Instead, these dollars are directed toward individual funds and are redistributed in a variety of ways, including the purchase of goods and services (See Appendices 4 and 5).

Fund balances are assumed to be completely spent during the fiscal year in which they are collected. As the precise nature of funds spending is unknown, comparisons are made between the following:

- Funds expenditures remaining with median household income residents.
- Funds expenditures routed entirely into salaries and wages of local government employees.
- Funds expenditures spent in patterns consistent with historical goods and services spending by local government agencies in the State.

Fiscal Impact Estimation

Economic impact analysis allows for fiscal impact analysis, which estimates the tax impact of those economic impacts. Economic Impacts produce estimates for employment, labor income, and industrial output as summations of effects generated by industrial segments in the specified geography (the State of New Mexico, in this report). Because those industrial effects can be traced via North American Industry Classification System Codes, the economic impact can be translated into a tax effect—or a fiscal impact.

Taxes from gross receipts, residential & non-residential property, and personal & corporate incomes are reviewed (retrieved from New Mexico Tax and Revenue Department records). These estimations involve creating an *effective ratio* from recorded governmental data. The effective ratio is then applied to estimations produced from economic impact analysis.

Effective ratios for gross receipts are determined from gross taxes and gross receipts totals tied to goods and services from industries linked to the specific economic impact estimations. That ratio is then applied to economic impact totals and summed to produce the gross receipt taxes total.

Residential tax estimates involve an effective ratio between incomes produced through economic impact estimation and total State personal income (Federal Reserve Bank of St. Louis). That figure is applied to total State residential property taxable values and the present mill rate (1.36 for all fiscal years involved). Non-residential property tax estimations are calculated through the ratio of output estimations from the economic impact analysis and total gross receipts. That value is employed against the total State non-residential property taxable value and the active mill rate.

Personal income taxes are estimated through the ratio of labor income generated through economic impact analysis and total State personal income. That value is then applied to the total State personal income tax collections. Corporate income tax figures involve the ratio between economic impact output and total applicable gross receipts. Total State corporate income taxes are then measured against that to determine the total.

Economic Impact Results

In the present report, economic impacts (effects) are measured through changes in employment, income (labor income), and industrial output (output). Employment estimates represent the number of full-time jobs supported/lost by the measured shock. Estimates for labor income show employee compensation and proprietor incomes generated/lost as a consequence of that same measured shock. Industrial output is the total production value created/lost by the shock. Output, in this situation, closely resembles sales or gross receipts.

Here, economic impacts represent the cost equivalence of fee collections as these represent losses to individual households. Four subsections follow. The first reviews the effects of collected fees. The second explores impact reductions through forgiveness of fees assigned to indigent offenders. Then, the difference in effects is assessed. Finally, a review of comparison of economic impacts resulting from three unique scenarios is completed.

Total Fees

The economic impact of court fees omits contributions from interest paid on Magistrate bank accounts, civil legal service fees (civil filing fees), and juvenile adjudication fees. The remaining fees from the Courts, Motor Vehicle Division, and Red Lights of New Mexico generated a total of \$97.3 million in fees between FY17 and FY22. The impact of those revenues is shown in Table 9.

Table 9 Total Economic Impact of Fee Collection

	Employment	Labor Income	Output
FY17	134	\$5,625,822	\$19,516,522
FY18	131	\$5,680,122	\$19,693,781
FY19	129	\$5,617,383	\$20,038,339
FY20	92	\$4,250,393	\$14,064,666
FY21	66	\$3,187,723	\$11,225,900
FY22	66	\$3,210,166	\$11,304,938
Total	618	\$27,571,610	\$95,844,146

In all, the \$97.3 million in collected fees translates to a loss of 618 jobs, \$27.6 million in income, and \$95.8 million in industrial output. While job losses are expected to gradually decrease from FY17 to FY19, labor income sees a slight increase into FY18 before dropping to below FY17 levels in FY19. Losses to industrial output steadily increase from FY17 to FY22. Each effect experiences a marked decrease in losses as fees revenues drop from FY20 to FY22.

Poverty Threshold Contribution to Fees

It is estimated that \$18.7 million (19 percent) of the total \$97.3 million collected in fees were paid by persons residing in impoverished households. The poverty rate in New Mexico ranges from 21 percent in 2017 to 18 percent in 2021. The average poverty rate throughout the period is 19 percent. See Appendix 6 for poverty threshold contributions at a 50 percent poverty rate across all years.

Table 10 shows the impact of those \$18.7. Eliminating fees collected from these low-income households dulls economic losses to the State, improving outlooks by a total of 120 jobs, \$5.3 million in labor income, and \$18.5 million in output.

Table 10 Economic Impact of Fees Collected from Households with Incomes below the Poverty Threshold

	Employment	Labor Income	Output
FY17	28	\$1,158,919	\$4,020,404
FY18	26	\$1,136,024	\$3,938,756
FY19	25	\$1,072,920	\$3,827,323
FY20	17	\$790,573	\$2,616,028
FY21	12	\$583,353	\$2,054,340
FY22	12	\$587,460	\$2,068,804
Total	120	\$5,329,251	\$18,525,654

Total without Poverty Threshold Contribution

Without fee payments from persons with incomes under the poverty threshold, the State sees a loss of only 499 jobs, \$22.2 million in income, and \$77.3 million in output (Table 11).

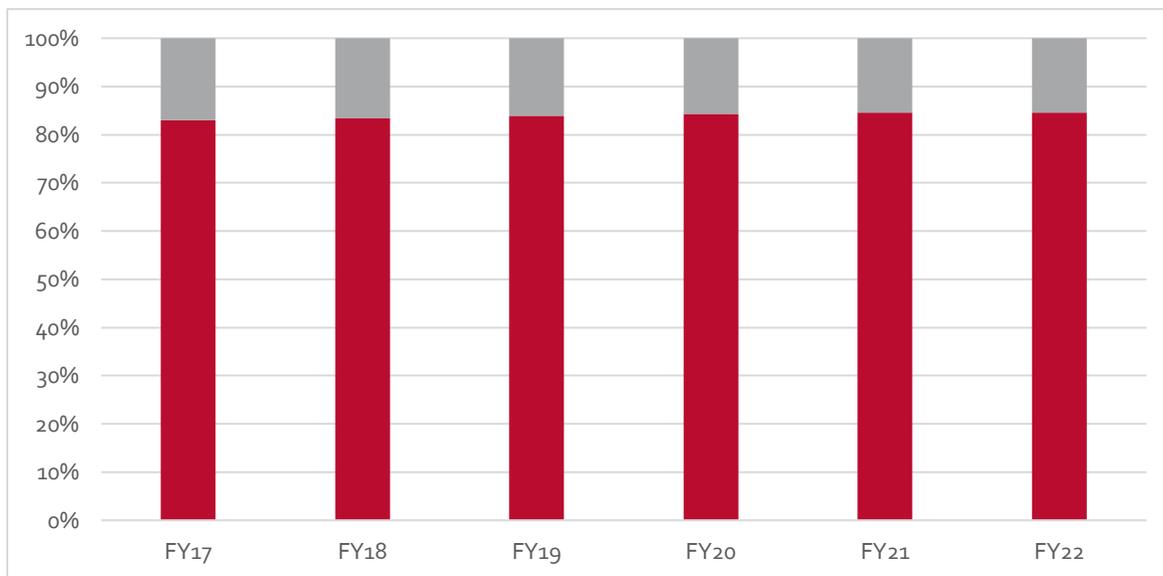
Table 11 Economic Impact of Fees Collected without Poverty Threshold Contribution

	Employment	Labor Income	Output
FY17	107	\$4,466,903	\$15,496,119
FY18	105	\$4,544,098	\$15,755,024
FY19	104	\$4,544,463	\$16,211,016
FY20	75	\$3,459,820	\$11,448,638
FY21	54	\$2,604,369	\$9,171,560
FY22	54	\$2,622,706	\$9,236,134
Total	499	\$22,242,359	\$77,318,492

Differentials between total impacts and impacts without fees for individuals earning less than the poverty threshold are illustrated in Figure 3. The pattern shown is identical for employment, labor income, and industrial output effects, as all three fluctuate in accordance with State poverty rates.

Figure 3 identifies an impact differential hovering around 20 percent (the average poverty rate throughout the period is 19 percent), indicating that economic costs can be improved by roughly as much should fee burdens be removed from impoverished persons.

Figure 3 Poverty Threshold Differentials between Impacts of Fees



Fees Remittance

Collected fees are transferred into a variety of funds which are then used by government agencies for purchasing goods and services (operational, capital, and/or payrolls). Data shows that, while some funds carry a balance at the end of the fiscal year, others show expenditures greater than one hundred percent of their total. This report, therefore, assumes that funds are exhausted during the fiscal year in which they are collected.

The economic impacts of a scenario where the \$97.3 million in fees revenues are returned into the pockets of individuals residing in households earning median incomes in the state of New Mexico and are available for the purchase of goods and services are shown in Table 12. This is the same impact shown in Table 9 of the *Total Fees* subsection above.

Table 12 Economic Impact of Fees Remission

	Employment	Labor Income	Output
FY17	134	\$5,625,822	\$19,516,522
FY18	131	\$5,680,122	\$19,693,781
FY19	129	\$5,617,383	\$20,038,339
FY20	92	\$4,250,393	\$14,064,666
FY21	66	\$3,187,723	\$11,225,900
FY22	66	\$3,210,166	\$11,304,938
Total	618	\$27,571,610	\$95,844,146

Allowing median-income households to keep and use the fee revenue total is expected to improve State economic conditions by 618 jobs, \$27.6 million in income, and \$95.8 million in total industrial output. These results describe a situation where fees which are simply not collected or in which fees are collected and subsequently returned to median-income households (without accounting for transactional costs).

See Appendix 4 for a review of economic impacts under two other scenarios: funds are exhausted through local government payroll; and funds are spent through historical local government spending patterns.

Fiscal Impact Results

The economic impacts discussed in previous sections function as the *cost* of fees collected by the various courts, Motor Vehicles Division, and red lights. Because these fees represent dollars that cannot be spent on goods and services, fees charged have tax implications. These are discussed in this section through gross receipts, residential, non-residential, personal, and corporate income taxes.

Total Fees

Table 13 shows the magnitude of tax revenue lost through the collection of fees. Conversely, the figures in the table represent tax gains should criminal justice fees be completely eliminated in the State. These estimates fluctuate according to New Mexico residents' expenditures, property values, and income.

Table 13 Tax Impacts of Total Fees Collections

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
FY17	\$762,070	\$811	\$5,899	\$23,674	\$12,982	\$805,435
FY18	\$790,068	\$821	\$4,199	\$25,524	\$18,059	\$838,671
FY19	\$851,615	\$800	\$5,230	\$26,297	\$3,463	\$887,405
FY20	\$589,759	\$583	\$2,614	\$18,689	\$6,027	\$617,672
FY21	\$609,381	\$427	\$2,121	\$12,885	\$1,736	\$626,550
FY22	\$613,671	\$430	\$2,136	\$12,976	\$1,748	\$630,961
Total	\$4,216,563	\$3,873	\$22,199	\$120,044	\$44,015	\$4,406,693

The \$97.3 million in fees collected between FY17 and FY22 are valued at approximately \$4.4 million in aggregate taxes during the same time span. Approximately 96 percent of the total is from gross receipts taxes which sum to \$4.2 million. The \$4.4 million in total taxes also includes \$3,900 in residential property taxes, \$22,200 in non-residential property tax, greater than \$120,000 in personal income tax, and more than \$44,000 in corporate income tax. The steep drop in corporate income tax collections seen after FY18 is due to sharp changes to State tax collections for gross receipts taxes and corporate income taxes rather than from fluctuations in fee revenue data.

Poverty Threshold Contribution to Fees

Poverty threshold contributions to fiscal impacts are in Table 14. Figures coincide with the State poverty rate at each fiscal year. Data in this table demonstrate a reduction in tax losses should criminal justice fees be eliminated for persons with incomes less than the poverty threshold. See Appendix 6 for the fiscal impact of a 50 percent poverty rate across each year.

Table 14 Economic Impact of Fees Collected from Households with Incomes below the Poverty Threshold

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
FY17	\$156,986	\$167	\$1,215	\$4,877	\$2,674	\$165,920
FY18	\$158,014	\$164	\$840	\$5,105	\$3,612	\$167,734
FY19	\$162,658	\$153	\$999	\$5,023	\$661	\$169,494
FY20	\$109,695	\$109	\$486	\$3,476	\$1,121	\$114,887
FY21	\$111,517	\$78	\$388	\$2,358	\$318	\$114,659
FY22	\$112,302	\$79	\$391	\$2,375	\$320	\$115,466
Total	\$811,172	\$749	\$4,319	\$23,213	\$8,706	\$848,160

It is estimated that \$18.7 million of total fees revenues are paid by impoverished persons. Between FY17 and FY22, that figure translates to a total tax effect of \$848,000. \$811,000 of that total is from gross receipts taxes, alone. Residential and non-residential property taxes contribute \$749 and \$4,300, respectively. Personal income taxes see a tax effect of \$23,200. The corporate income tax impact is \$8,700.

Total without Poverty Threshold Contribution

Applying reductions to the total fiscal impact of fee revenues lessens the tax loss incurred by the State. These effects are shown in Table 15. These tax effects, essentially, measure the effect of collecting only \$78.6 million of the total \$97.3 million in fees revenues.

Table 15 Fiscal Impact of Fees Collected without Poverty Threshold Contribution

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
FY17	\$605,083	\$644	\$4,684	\$18,797	\$10,308	\$639,516
FY18	\$632,054	\$657	\$3,359	\$20,419	\$14,447	\$670,937
FY19	\$688,956	\$647	\$4,231	\$21,274	\$2,802	\$717,911
FY20	\$480,064	\$475	\$2,128	\$15,213	\$4,906	\$502,785
FY21	\$497,864	\$349	\$1,733	\$10,527	\$1,418	\$511,891
FY22	\$501,369	\$351	\$1,745	\$10,601	\$1,428	\$515,495
Total	\$3,405,391	\$3,123	\$17,880	\$96,831	\$35,309	\$3,558,534

The aggregate fiscal impact is \$3.6 million across all years. Gross receipts taxes log \$3.4 million of the total. An additional \$3,100 and \$17,900 are from residential and non-residential property tax. Personal income taxes contribute a total of \$96.8 million. Corporate income taxes yield an additional \$35,300 in cost reduction to the total.

Fees Remittance

The fiscal effects of economic impact data from a situation where the \$97.3 million collected in fees remains in the pockets of individuals residing in households earning median incomes in the State of New Mexico are evaluated next. Table 16 shows these results and is the same as Table 13, above.

Together, the tax impact for this scenario is \$4.4 million, including \$4.2 million in gross receipt taxes, \$3,900 in residential property taxes, \$22,199 in non-residential taxes, \$120,000 in personal income taxes, and about \$44,000 in corporate income taxes. This effect records the effect of either eliminating the collection of fees between FY17 and FY22 or of returning fee revenues to median-income households during the same fiscal years.

Table 16 Fiscal Impact of Fees Remission

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
FY17	\$762,070	\$811	\$5,899	\$23,674	\$12,982	\$805,435
FY18	\$790,068	\$821	\$4,199	\$25,524	\$18,059	\$838,671
FY19	\$851,615	\$800	\$5,230	\$26,297	\$3,463	\$887,405
FY20	\$589,759	\$583	\$2,614	\$18,689	\$6,027	\$617,672
FY21	\$609,381	\$427	\$2,121	\$12,885	\$1,736	\$626,550
FY22	\$613,671	\$430	\$2,136	\$12,976	\$1,748	\$630,961
Total	\$4,216,563	\$3,873	\$22,199	\$120,044	\$44,015	\$4,406,693

See Appendix 5 for a summary of fiscal impacts under two other scenarios: funds are exhausted through local government payroll; and funds are spent through historical local government spending patterns.

Conclusion

The modeling software, IMPLAN, is employed to analyze the economic and fiscal impacts of fee revenues in the State of New Mexico. Between FY17 and FY22, the state collected a total of \$123.2 million in fines, bond forfeitures, and court fees. The economic and fiscal impacts of a total of \$97.3 million in court fees are explored in this report. A second goal of the analysis is to review the effects of eliminating fees for persons in households with incomes below the poverty threshold, or of eliminating court fees altogether. Gaps in fees revenues could then be filled through income tax payments from the population at large.

Between FY17 and FY22, \$97.3 million in fees collections equate to a loss of 618 jobs, \$27.6 million in labor income, and \$95.8 million in industrial output. These figures can be reduced by 120 jobs, \$5.3 million in income, and \$18.5 million in output if court fees for low income households are eliminated.

Likewise, the \$97.3 in fees record tax losses to the state. These include \$4.2 million in gross receipt taxes, \$3,900 in residential property tax and \$22,000 in non-residential property tax. Personal income losses amount to \$120,000 while losses from corporate income taxes sum to \$44,000. In all, the effect of fees imposed between FY17 and FY22 amounts to \$4.4 million in total tax loss. Fiscal losses can be ameliorated somewhat by eliminating fees charged to impoverished individuals—reducing the overall tax loss by an estimated \$848,000.

The economic and fiscal impacts examined in this report suggest that reducing or eliminating fee collection would be beneficial to the State of New Mexico. It is important to consider that external costs are not considered in this analysis. Costs like those related to maintaining a population incarcerated due to failure to pay court fees certainly adds to missed employment, income, and output opportunities. Furthermore, the decline in fees collected across the period hints that fees are an unreliable source of revenue for the State.

Appendix 1: Glossary of Terms

- **Cost** - the cost to local economies when fee/fine money is taken from a person’s pockets and can no longer be spent on goods and services.
- **Total effect** - the negative impact of fees on spending patterns, including negative effects to the flow of money through the local economy.
- **Poverty threshold contributions** - the *benefit* to local economies when individuals residing in household with incomes below the poverty line are allowed to keep funds otherwise spent on fees for spending on goods and services.
- **Funds expenditures** - the *benefit* to local economies when collected fees revenue is spent by fee funds i.e., redistributed to local economies in various ways.
- **Fiscal Impact** - the effect of [the economic impact of] fees on taxes (gross receipts, residential & non-residential property, and personal & corporate incomes) paid by New Mexicans and New Mexican businesses and received as tax revenue by the government.
- Economic Impact Indicators
 - **Employment** - number of full-time jobs supported.
 - **Labor income** - money employed people earn through working.
 - **Output** - money made by industrial establishments.
- Key Formulas
 - Total Effect - Poverty Threshold Contribution = Cost
 - Cost - Funds Expenditures = Economic Impact (reported in terms of employment, labor income, and industrial output)

Appendix 2: Overview of Fines and Fees, by Court

Court of Appeals

The Court of Appeals functions as an intermediate appellate court with ten panel-sitting judges. The court maintains mandatory jurisdiction in civil, non-capital criminal, administrative agency, and juvenile cases. Discretionary jurisdiction is provided in interlocutory decision cases.⁴ The Court of Appeals saw fee collections

⁴ Magistrate Court Manual Appendices: Chapter 1 - The Structure of the Court

from two sources during the FY17 to FY22 timespan. These are shown in Table 17. Court facilities fees include criminal court costs and are larger in magnitude than those garnished for court automation fees. In general, both types of fees have steadily trended downwards since FY17.

Court facilities fees reliably comprise about eighty percent of total fees revenues collected by The Court of Appeals. Court automation fees provide the remaining twenty percent. Throughout the fiscal years reviewed, the Court of Appeals generated \$267,200 in fees. This court does collect revenues from fines.

Table 17 New Mexico Court of Appeals Revenue Totals, thousands of dollars

	FY17	FY18	FY19	FY20	FY21	FY22	Total
Court Facilities Fee and Criminal Court Costs	\$41.2	\$40.0	\$35.6	\$32.8	\$33.1	\$31.0	\$213.6
Court Automation Fee	\$10.3	\$10.0	\$8.9	\$8.2	\$8.3	\$7.8	\$53.6
Fee Total	\$51.5	\$50.1	\$44.5	\$41.1	\$41.4	\$38.7	\$267.2
Criminal Fines and Bond Forfeitures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Grand Total	\$51.5	\$50.1	\$44.5	\$41.1	\$41.4	\$38.7	\$267.2

Source: New Mexico Sentencing Commission

Figure 4 shows the decline in fee revenues collected by the Court of Appeals. FY18 sees a decrease of about three percent from FY17 totals. The decrease is greater from FY18 to FY19 (a 11 percent drop). Fees collected equalized between FY20 and FY21, before dropping by an additional seven percent into FY22 (\$38,700 total).

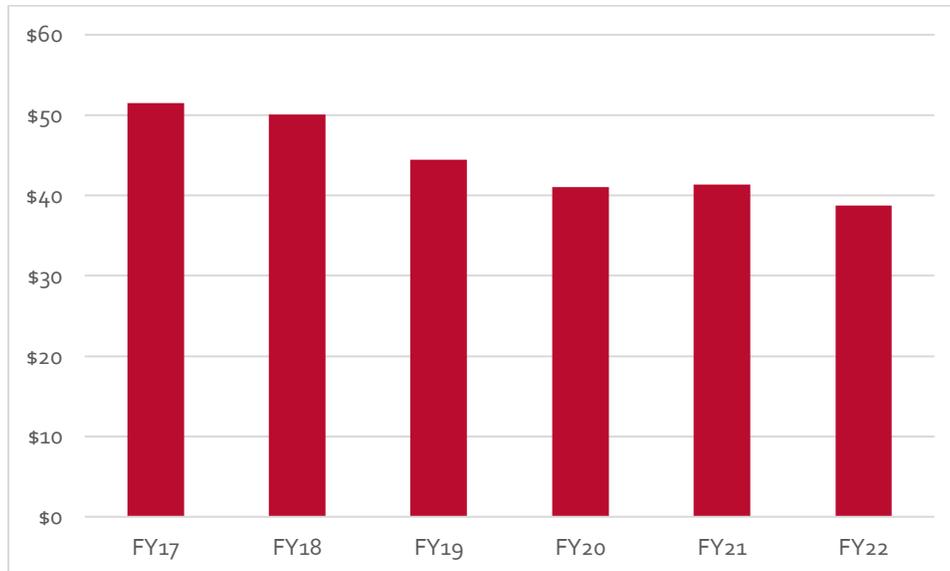


Figure 4 New Mexico Court of Appeals Revenue Collections, thousands of dollars

District Court

The New Mexico District Court System consists of 13 Judicial District Courts and seventy-two judges. This court handles matters related to tort, contract, real property rights, and estate, among others, and offers jury trials.⁵

⁵ Magistrate Court Manual Appendices: Chapter 1 - The Structure of the Court

Together, the Judicial court system collected almost \$9.2 million in fees revenue between FY17 and FY22 (Table 18). The majority of these collections originate from court automation fees—roughly 51 percent of the total \$9.2 million.

Table 18 New Mexico District Court Revenue Totals, thousands of dollars

	FY17	FY18	FY19	FY20	FY21	FY22	Total
Court Automation Fee	\$802.4	\$917.8	\$880.5	\$785.3	\$691.5	\$615.9	\$4,693.3
Jury Demand Fee and Jury Fee	\$0.0	\$0.0	\$757.7	\$827.1	\$779.9	\$745.3	\$3,110.1
Crime Victims Reparation Fee	\$72.6	\$94.0	\$105.4	\$109.0	\$105.1	\$109.4	\$595.4
DWI Substance Abuse Fee	\$43.6	\$43.5	\$42.2	\$42.7	\$31.7	\$31.6	\$235.4
DWI Lab Fee	\$50.4	\$43.9	\$44.0	\$37.8	\$29.1	\$28.3	\$233.5
DWI Prevention	\$34.0	\$31.5	\$30.5	\$30.7	\$24.1	\$23.1	\$173.9
Domestic Violence Fee	\$18.3	\$17.9	\$16.4	\$16.4	\$12.2	\$14.0	\$95.3
Corrections Fee	\$12.1	\$5.4	\$6.5	\$4.9	\$4.5	\$3.7	\$37.2
Court Facilities Fee and Criminal Court Costs	\$4.1	\$3.6	\$4.5	\$2.8	\$2.4	\$2.3	\$19.7
Brain Injury Fee	\$0.9	\$1.0	\$1.0	\$0.8	\$0.7	\$0.7	\$5.1
Judicial Education Fee	\$0.6	\$0.7	\$0.9	\$0.7	\$0.6	\$0.5	\$4.0
Traffic Safety Fee	\$0.7	\$0.7	\$0.7	\$0.5	\$0.5	\$0.4	\$3.6
Drug Court Penalty Assessment Fee	\$0.0	\$0.0	\$0.0	\$0.9	\$0.2	\$0.1	\$1.2
Magistrate Court Operation Fee	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.6
Fee Total	\$1,039.8	\$1,160.1	\$1,890.5	\$1,859.9	\$1,682.6	\$1,575.4	\$9,208.2
Criminal Fines and Bond Forfeitures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Grand Total	\$1,039.8	\$1,160.1	\$1,890.5	\$1,859.9	\$1,682.6	\$1,575.4	\$9,208.2

Though no collections are recorded during the first two fiscal years, New Mexico District Courts received \$3.1 million in jury demand and jury fees over the following four fiscal years, amounting to 34 percent of the total. An additional \$595,400 were collected in the form of crime victims reparation fees. The remaining eleven fee types, together, make up the remaining nine percent of fee revenues acquired by the Judicial District Court system from FY17 to FY22—roughly \$809,400.

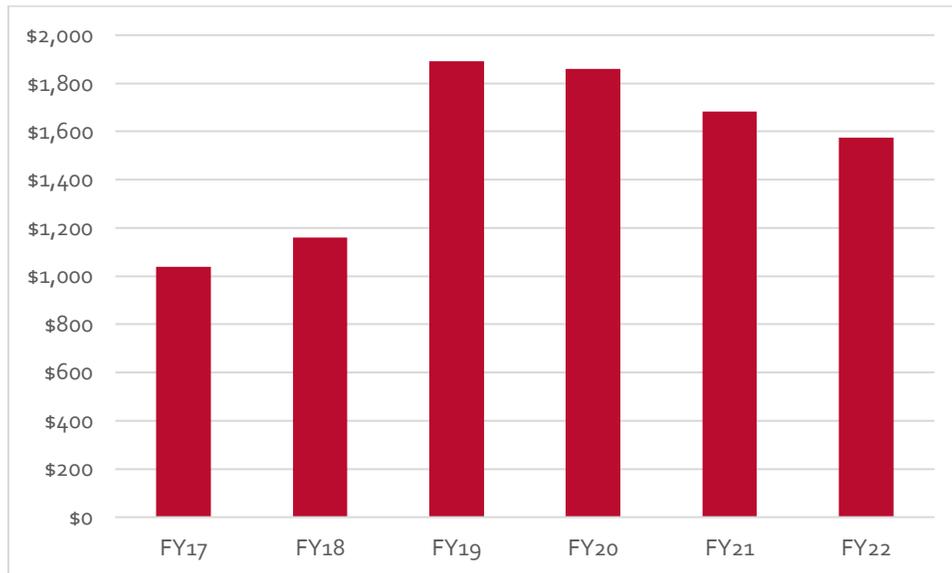


Figure 5 New Mexico District Court Revenue Collections, thousands of dollars

Figure 5 shows a sharp increase in fee revenues collected by the district court from FY17 to FY19. Fee totals in the FY17 grew by approximately forty-five percent, totaling around \$1.8 million in FY19. The District Court experienced a fee revenue decline in subsequent years. The difference between revenues in FY19 and FY22 is roughly \$315,000.

Magistrate Court

The Magistrate Court in New Mexico is a court of limited jurisdiction with sixty-seven judges. These courts deal with tort, contract, and landlord/tenant issues. They also hear felony preliminary hearings, misdemeanors, and DWI & other traffic violations. The magistrate court offers jury trials as well.⁶

The Magistrate Court collected the largest revenue totals from fines and fees throughout the FY17 to FY22 period. At \$65.2 million, these Magistrate revenues account for more than half of all fines and fees collected by the entire New Mexico court system, including Motor Vehicles Division and red light revenue. The sources and totals of these figures are shown in Table 19.

⁶ New Mexico Courts: About the Courts

Table 19 New Mexico Magistrate Court Revenue Totals, thousands of dollars

	FY17	FY18	FY19	FY20	FY21	FY22	Total
Bench Warrant Fee	\$3,174.6	\$2,774.2	\$2,903.7	\$2,433.4	\$2,246.8	\$2,245.4	\$15,778.1
Court Facilities Fee and Criminal Court Costs	\$1,528.9	\$1,528.5	\$1,402.2	\$1,188.2	\$891.7	\$973.6	\$7,513.1
Corrections Fee	\$1,421.0	\$1,367.7	\$1,274.0	\$1,064.1	\$831.4	\$904.1	\$6,862.3
Court Automation Fee	\$1,064.8	\$1,039.6	\$939.2	\$834.3	\$599.2	\$651.1	\$5,128.2
Magistrate Retirement Fee	\$418.5	\$402.9	\$347.6	\$363.6	\$216.7	\$226.3	\$1,975.6
Jury Demand Fee and Jury Fee	\$361.8	\$350.8	\$324.6	\$269.1	\$210.3	\$229.3	\$1,746.0
Domestic Violence Fee	\$350.7	\$339.2	\$316.3	\$264.3	\$207.5	\$223.8	\$1,701.9
Brain Injury Fee	\$313.0	\$305.3	\$283.8	\$238.9	\$188.0	\$209.3	\$1,538.4
DWI Lab Fee	\$244.8	\$216.6	\$198.3	\$195.5	\$183.2	\$191.4	\$1,229.9
Crime Victims Reparation Fee	\$279.1	\$256.5	\$246.0	\$186.8	\$135.1	\$98.7	\$1,202.1
DWI Prevention	\$206.9	\$189.7	\$171.0	\$168.4	\$158.2	\$163.1	\$1,057.4
Judicial Education Fee	\$210.4	\$203.6	\$190.0	\$158.7	\$124.4	\$134.4	\$1,021.5
Traffic Safety Fee	\$188.5	\$183.9	\$171.1	\$143.7	\$113.1	\$126.5	\$926.8
DWI Substance Abuse Fee	\$147.1	\$153.6	\$131.8	\$54.4	\$21.9	\$11.4	\$520.1
Mediation Fee	\$83.6	\$80.5	\$69.5	\$72.7	\$43.3	\$45.2	\$394.8
Drug Court Penalty Assessment Fee	\$0.0	\$0.0	\$0.0	\$38.0	\$28.3	\$7.7	\$74.0
Drug Court Fee	\$5.4	\$3.1	\$4.6	\$2.3	\$2.8	\$1.6	\$19.8
Magistrate Court Operation Fee	\$0.1	\$0.05	\$0.04	\$0.02	\$0.01	\$0.04	\$0.2
Fee Total	\$9,999.3	\$9,395.9	\$8,973.7	\$7,676.3	\$6,201.9	\$6,442.9	\$48,690.0
Criminal Fines and Bond Forfeitures	\$3,482.5	\$3,215.0	\$2,944.0	\$2,540.4	\$2,134.5	\$2,224.6	\$16,541.0
Grand Total	\$13,481.8	\$12,610.9	\$11,917.7	\$10,216.7	\$8,336.4	\$8,667.5	\$65,231.0

Magistrate Court sees revenue generated through eighteen unique fees, as well as punitive fines and bond forfeitures. The approximately \$16.5 million collected from criminal fines and bond forfeitures make up about 25 percent of the total \$65.2 million in fines and fees revenue. About \$15.8 million are sourced from bench warrant fees. Together, criminal fines & bond forfeitures, and bench warrant fees comprise just over 49 percent of the collection total across the fiscal years. Other large sources of revenue collections include those from court facilities fees & criminal court costs (\$7.5 million), corrections fees (\$6.9 million), and court automation fees (\$5.1 million).

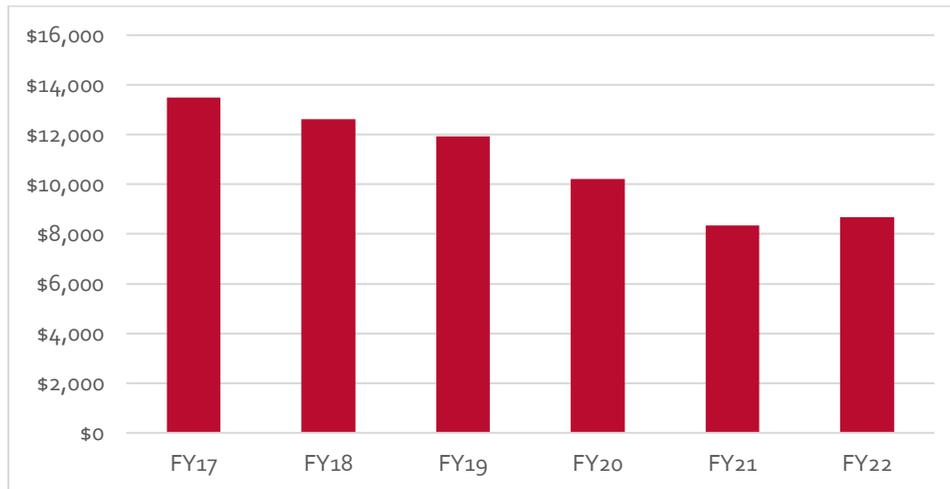


Figure 6 New Mexico Magistrate Court Revenue Collections, thousands of dollars

The Magistrate Court is one of two New Mexico courts having acquired revenue from fines & bond forfeitures between FY17 and FY22. Figure 6 shows a slight decline in collections across time. While stable between FY21 and FY22, dollars drop by 22 percent between FY20 and FY21 and about 17 percent between FY19 and FY20. A smaller decrease of six percent is noted from FY17 to FY18 and from FY18 to FY19.

Bernalillo County Metropolitan Court

The Bernalillo County Metropolitan Court is also a court of limited jurisdiction, consisting of nineteen judges. Like the Magistrate Court, the Bernalillo County Metropolitan Court deals in torts, contracts, landlord/tenant issues, felony preliminary hearings, misdemeanors, DWI & traffic, and jury trials. From FY17 to FY22, the Bernalillo County Metropolitan Court recorded \$8.2 million in fee revenues (Table 20).

Table 20 Bernalillo County Metropolitan Court Revenue Totals, thousands of dollars

	FY17	FY18	FY19	FY20	FY21	FY22	Total
Court Facilities Fee and Criminal Court Costs	\$660.8	\$710.3	\$672.7	\$535.4	\$343.9	\$415.3	\$3,338.4
Court Automation Fee	\$499.3	\$559.6	\$536.8	\$456.0	\$285.4	\$287.7	\$2,624.9
Corrections Fee	\$121.5	\$129.1	\$122.7	\$86.0	\$51.7	\$78.3	\$589.3
DWI Lab Fee	\$56.3	\$73.0	\$86.4	\$84.0	\$102.6	\$74.4	\$476.7
DWI Prevention	\$49.1	\$54.4	\$65.7	\$69.7	\$83.7	\$61.1	\$383.7
Jury Demand Fee and Jury Fee	\$60.8	\$65.2	\$61.3	\$43.0	\$26.3	\$39.3	\$295.8
Domestic Violence Fee	\$60.6	\$64.0	\$60.8	\$42.6	\$25.5	\$38.6	\$292.0
Traffic Safety Fee	\$27.4	\$31.8	\$31.9	\$21.8	\$11.7	\$16.0	\$140.6
Judicial Education Fee	\$0.0	\$0.0	\$0.0	\$13.1	\$15.3	\$23.2	\$51.5
Crime Victims Reparation Fee	\$2.8	\$3.4	\$3.8	\$3.5	\$3.8	\$3.1	\$20.5
DWI Substance Abuse Fee	\$0.5	\$5.5	\$6.4	\$0.6	\$0.2	\$0.1	\$13.3
Drug Court Penalty Assessment Fee	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.3	\$0.4
Magistrate Court Operation Fee	\$0.1	\$0.1	\$0.01	\$0.01	\$0.0	\$0.02	\$0.2
Fee Total	\$1,539.2	\$1,696.4	\$1,648.4	\$1,355.9	\$950.1	\$1,037.4	\$8,227.3
Criminal Fines and Bond Forfeitures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Grand Total	\$1,539.2	\$1,696.4	\$1,648.4	\$1,355.9	\$950.1	\$1,037.4	\$8,227.3

The largest source of fees-related revenues is reported through court facilities fees & criminal court costs—a total of about \$3.3 million accounts for a third of the total. Court automation fees are also a large source of collections made by the Bernalillo County Metropolitan Court; the \$2.6 million received through this source are roughly a third of the total \$8.2 million. The next eleven fee revenue sources make up the about twenty-eight percent of the total.

Figure 7 shows the distribution of fee revenues across the time period. In FY17, this court generated around \$1.5 million. That number rose by about nine percent into the FY18, to \$1.7 million, the maximum recorded during the span. Revenues decrease steadily into FY21 when fees reach a low point of \$950,000. That figure increases slightly through FY22, growing to \$1 million (about eight percent greater than in the previous fiscal year).

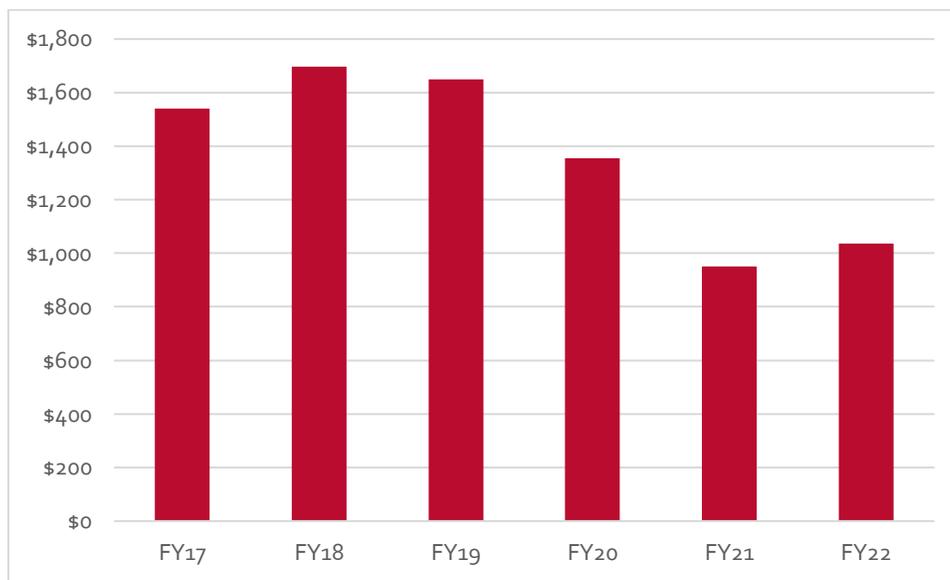


Figure 7 Bernalillo County Metropolitan Court Revenue Collections, thousands of dollars

Municipal Courts

Another court of limited jurisdiction, the Municipal Courts consists of 83 judges who see cases related to traffic and other municipal ordinance violations. The New Mexico Municipal Courts does not see jury trials. Between the FY17 and FY22, the Municipal Courts garnered almost \$4.7 million in revenues from fines and fees (Table 21). It is the second of two courts that collect revenue from fines (the Magistrate Court is the other).

Seventy-five percent of total fines and fees revenues were from Municipal Courts automation (\$3.5 million). \$457,000 of the \$4.7 million are from DWI lab fees; \$446,000 from DWI Prevention fees, and \$199,300 from DWI substance abuse fees. Whereas the Magistrate Court saw a large revenue percentage from criminal fines and bond forfeitures, the Municipal Courts logs less than one percent of its total from this source, which is only recorded in FY22 (\$6,700).

Table 21 New Mexico Municipal Courts Revenue Totals, thousands of dollars

	FY17	FY18	FY19	FY20	FY21	FY22	Total
Municipal Court Automation	\$716.0	\$701.3	\$618.6	\$539.1	\$497.9	\$435.3	\$3,508.1
DWI Lab Fee	\$85.0	\$85.7	\$89.3	\$72.5	\$66.2	\$58.1	\$456.8
DWI Prevention	\$83.4	\$87.8	\$92.8	\$68.3	\$61.5	\$52.5	\$446.3
DWI Substance Abuse Fee	\$55.1	\$48.2	\$47.6	\$26.3	\$17.1	\$5.0	\$199.3
Court Automation Fee	\$0.0	\$0.0	\$0.0	\$35.4	\$0.0	\$1.4	\$36.8
Traffic Safety Fee	\$0.0	\$0.0	\$0.0	\$10.9	\$0.0	\$0.2	\$11.1
Bench Warrant Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.1	\$9.1
Judicial Education Fee	\$0.2	\$0.1	\$0.0	\$8.2	\$0.0	\$0.3	\$8.8
Court Facilities Fee and Criminal Court Costs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.4	\$2.4
Corrections Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.3	\$2.3
Jury Demand Fee and Jury Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.6	\$0.6
Domestic Violence Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5
Crime Victims Reparation Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5
Brain Injury Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$0.4
Magistrate Retirement Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.2
Mediation Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.05	\$0.05
Fee Total	\$939.7	\$923.1	\$848.3	\$760.6	\$642.7	\$569.0	\$4,683.4
Criminal Fines and Bond Forfeitures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.7	\$6.7
Grand Total	\$939.7	\$923.1	\$848.3	\$760.6	\$642.7	\$575.7	\$4,690.0

The steady decrease of Municipal fee revenues is shown in Figure 8. Year-over-year, revenues dropped by about two percent in FY18 (from \$939,700 to \$923,100). An eight percent drop is then noted in FY19 (\$848,300). The rate of decrease is accelerated to eleven percent, eighteen percent, and 11 percent between the remaining years, concluding at \$576,000 in FY22, or 61 percent of the total seen in FY17.

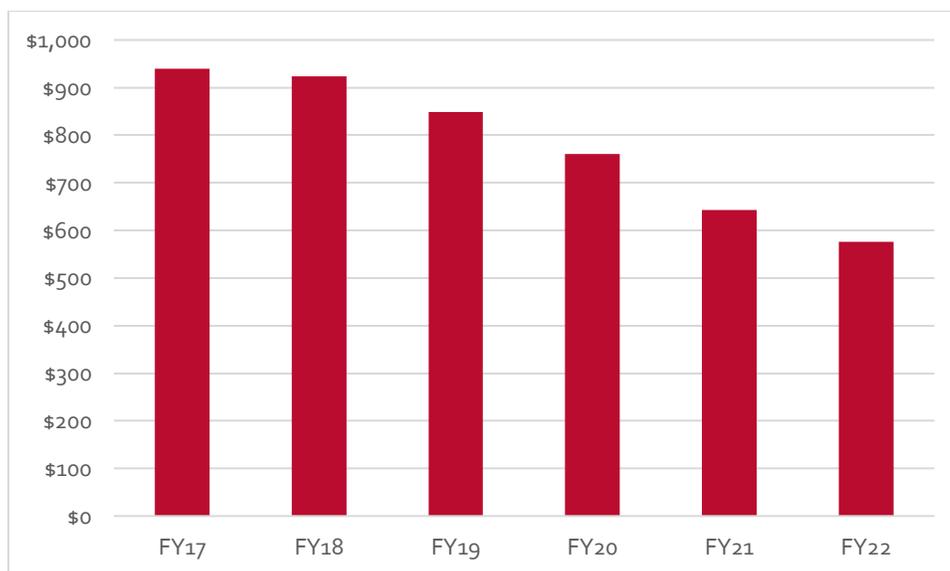


Figure 8 New Mexico Municipal Courts Revenue Collections, thousands of dollars

Supreme Court

The New Mexico Supreme Court is the highest court in the State. With five justices, the Court maintains mandatory appellate jurisdiction over criminal matters where offenders face life in prison or the death penalty. Furthermore, the New Mexico Supreme court judges on appeals from the Public Regulation Commission, the granting of writs of habeas corpus, and in removing or challenging nominations for public officials. Discretionary jurisdiction is maintained in denials of petitions for writ of habeas corpus, writs of certiorari to the Court of Appeals, other writ matters, and in certified questions from the Court of Appeals or federal courts⁷.

Between FY17 and FY22, the Supreme Court collected revenue from only two fee sources (Table 22). These are court facilities fees & criminal court costs, as well as court automation fees. Together, these sources produced a total of \$114,500 in revenue. Of that, 77 percent, or 88,300 were sourced from court facilities fees and criminal court costs.

Table 22 New Mexico Supreme Court Revenue Totals, thousands of dollars

	FY17	FY18	FY19	FY20	FY21	FY22	Total
Court Facilities Fee and Criminal Court Costs	\$15.0	\$13.9	\$18.9	\$15.0	\$12.8	\$12.8	\$88.3
Court Automation Fee	\$3.9	\$3.6	\$4.9	\$3.9	\$3.3	\$6.5	\$26.1
Fee Total	\$18.9	\$17.5	\$23.8	\$18.9	\$16.1	\$19.2	\$114.5
Criminal Fines and Bond Forfeitures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Grand Total	\$18.9	\$17.5	\$23.8	\$18.9	\$16.1	\$19.2	\$114.5

Figure 9 shows the pattern of Supreme Court revenue generation through fees across the six years evaluated in this report. FY17 sees a total of \$19,000. That figure decreases to \$18,000 in FY18 but increases to a maximum of about \$24,000 in FY19. Fees revenues drop through FY20 into FY21, reaching a low of \$16,000 that year. Revenues return to near-FY17 levels in FY22.

⁷ New Mexico Courts: About the Courts

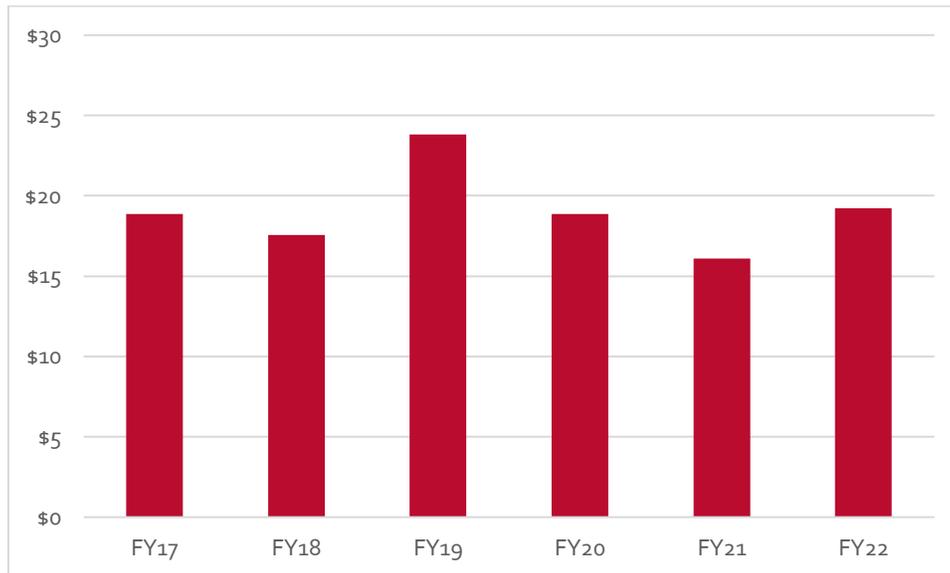


Figure 9 New Mexico Supreme Court Revenue Collections, thousands of dollars

New Mexico Motor Vehicles Division

The Motor Vehicles Division is tasked with licensing the drivers of commercial and non-commercial vehicles. The agency registers, titles, and licenses vehicles and boats in addition to auto dealers and title companies. Furthermore, the Motor Vehicles Division assures that vehicles and related agencies are in compliance with the New Mexico Motor Vehicle Code.⁸

Fee revenues collected by this agency are listed in Table 23. A total of \$24.5 million in fees revenue is recorded through the six fiscal years. Corrections fees are responsible for 44 percent, totaling roughly \$10.6 million. Court facilities fees & criminal court costs provide an additional \$6.3 million of the total (26 percent).

Court automation fee collections supply \$5.7 million of total revenues—another 24 percent of the collective total. Of the remaining twelve fees, only five show a positive total revenue: jury demand and jury fees, Magistrate Court operation fees, DWI substance abuse fees, DWI lab fees, and crime victims' reparation fees. Record totals indicate that the New Mexico Motor Vehicle Division pays into the remaining fees (from a low of \$100 for drug court fees, to a high of \$1,900 for bench warrant fees).

⁸ New Mexico Motor Vehicles Division. About MVD.

Table 23 New Mexico Motor Vehicle Division Revenue Totals, thousands of dollars

	FY17	FY18	FY19	FY20	FY21	FY22	Total
Corrections Fee	\$1,923.1	\$2,318.7	\$2,120.2	\$1,525.6	\$1,404.0	\$1,351.7	\$10,643.2
Court Facilities Fee and Criminal Court Costs	\$1,132.4	\$1,361.8	\$1,237.0	\$906.3	\$850.8	\$842.2	\$6,330.6
Court Automation Fee	\$1,032.7	\$1,243.7	\$1,133.8	\$822.6	\$764.3	\$745.1	\$5,742.3
Jury Demand Fee and Jury Fee	\$0.0	\$0.0	\$566.9	\$411.3	\$382.0	\$372.6	\$1,732.8
Magistrate Court Operation Fee	\$3.9	\$2.5	\$1.8	\$1.2	\$1.2	\$1.2	\$11.9
DWI Substance Abuse Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.03	\$0.0	\$0.03
DWI Lab Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.02	\$0.0	\$0.02
Crime Victims Reparation Fee	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	(\$0.1)	\$0.02
Drug Court Fee	\$0.0	\$0.0	\$0.0	(\$0.1)	\$0.0	\$0.0	(\$0.1)
Judicial Education Fee	\$0.0	\$0.0	\$0.0	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.3)
Traffic Safety Fee	\$0.0	\$0.0	\$0.0	(\$0.2)	(\$0.1)	(\$0.1)	(\$0.3)
Drug Court Penalty Assessment Fee	\$0.0	\$0.0	\$0.0	(\$0.2)	(\$0.2)	\$0.0	(\$0.4)
Domestic Violence Fee	\$0.0	\$0.0	\$0.0	(\$0.2)	(\$0.1)	(\$0.1)	(\$0.5)
Brain Injury Fee	\$0.0	\$0.0	\$0.0	(\$0.2)	(\$0.2)	(\$0.1)	(\$0.5)
Bench Warrant Fee	\$0.0	\$0.0	\$0.0	(\$0.8)	(\$0.7)	(\$0.4)	(\$1.9)
Fee Total	\$4,092.1	\$4,926.8	\$5,059.7	\$3,665.3	\$3,401.1	\$3,311.9	\$24,456.9
Criminal Fines and Bond Forfeitures	\$0.0	\$0.0	\$0.0	(\$2.1)	(\$1.6)	(\$1.3)	(\$5.0)
Grand Total	\$4,092.1	\$4,926.8	\$5,059.7	\$3,663.3	\$3,399.5	\$3,310.6	\$24,451.9

Figure 10 depicts revenue totals generated by New Mexico Motor Vehicles Division. The collection of funds increases into FY19, where the total reaches \$5.1 million. This number then experiences a near-30 percent drop to \$3.7 million in FY20. Revenues equalize into FY21 and FY22 with small decreases of seven and three percent, respectively.

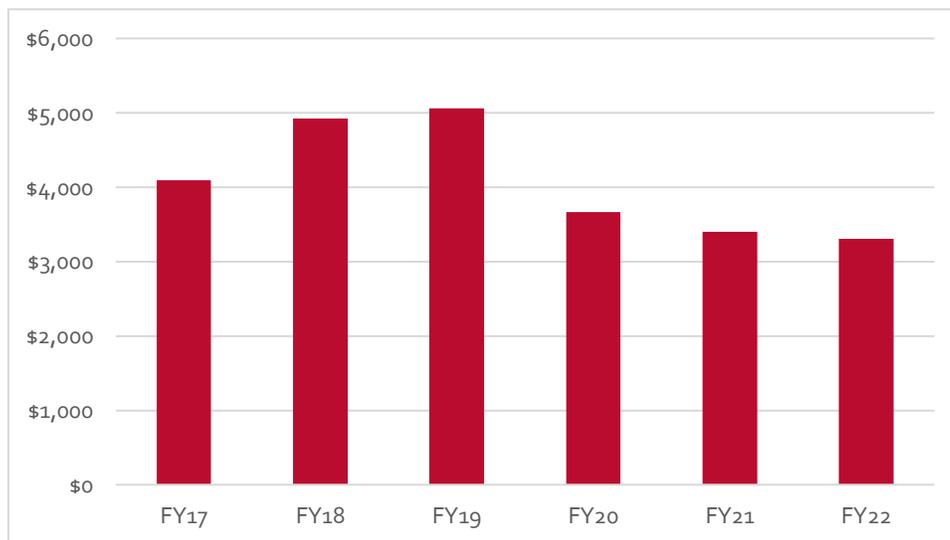


Figure 10 New Mexico Motor Vehicles Division Revenue Collections, thousands of dollars

Red Lights

This subsection summarizes revenues generated through citations issued via red light cameras in the State. Table 24 shows total red light revenue totals of \$1.6 million in during the FY17 through FY22. A large majority of that figure arises from court automation fees. That fee, singularly, accounts for 65 percent of the \$1.6 million. Other sources of revenue are traffic safety and judicial education fees which represent only 20 and 15 percent of the grand total, respectively.

Table 24 New Mexico Red Light Revenue Totals, thousands of dollars

	FY17	FY18	FY19	FY20	FY21	FY22	Total
Court Automation Fee	\$224.2	\$163.6	\$185.8	\$117.5	\$152.6	\$217.7	\$1,061.4
Traffic Safety Fee	\$69.0	\$50.3	\$57.2	\$36.1	\$47.0	\$67.0	\$326.6
Judicial Education Fee	\$51.7	\$37.8	\$42.9	\$27.1	\$35.2	\$50.2	\$244.9
Fee Total	\$344.9	\$251.7	\$285.8	\$180.7	\$234.8	\$335.0	\$1,632.9
Criminal Fines and Bond Forfeitures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Grand Total	\$344.9	\$251.7	\$285.8	\$180.7	\$234.8	\$335.0	\$1,632.9

Figure 11 shows trends in red light revenues across time. Though there is variance across the six fiscal years, reported totals from FY22 are only about three percent under those from FY2017 (\$335,000 in FY22 versus \$344,900 in FY17). A low of \$180,700 is present in FY20, though FY21 sees an increase of 29 percent from the previous fiscal year.

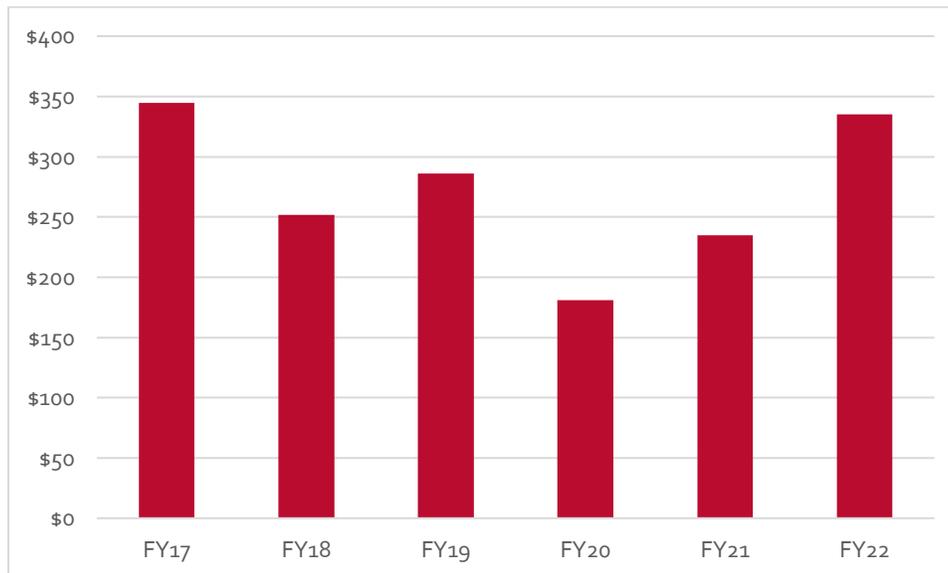


Figure 11 New Mexico Red Light Revenue Collections, thousands of dollars

Appendix 3: IMPLAN Overview

IMPLAN is an input-output modeling system that employs regional (by zip code, county, state, or multiple states) data to track and report buy-sell relationships between regional industries. This allows an investigator to estimate the economic impact of changes on the local economy.

IMPLAN data are updated annually as provided by the Bureau of Labor Statistics (BLS), the Bureau of Economic Analysis (BEA), and the U.S. Census Bureau (Census). Though IMPLAN uses data from more than ninety sources, the following are the main sources: Census of Employment and Wages, provided by BLS; Regional Economic Accounts and National Income and Product Accounts, both maintained by BEA; and County Business Patterns, authored by Census.

Industries are tracked through the North American Industrial Classification (NAICS) codes. IMPLAN bundles each NAICS code into the specific clusters used in its modeling system. For example, the IMPLAN cluster for Legal Services covers a scope of NAICS codes which include law offices, title companies, paralegal services, and more.

The IMPLAN model requires users to categorize a firm's spending into the various IMPLAN industries, based on their NAICS code. A direct \$1 million expenditure for paralegal services, undertaken during the year of analysis would fall under NAICS code 541199, which coincides with IMPLAN code 455 for Legal Services. The \$1 million expenditure is then routed through the IMPLAN algorithm to determine direct employment numbers, employee compensation, and output supported by that spending.

IMPLAN can determine these figures, based on any type of direct input (employment, labor income, or output—known as economic indicators) through Leontief Production Functions. These direct numbers are further cycled through the IMPLAN model to determine indirect and induced effects. The sum of direct, indirect, and induced effects is the total effect.

The \$1 million generates jobs and income, at the firm staffing the paralegals—this is part of the direct impact. The firm then makes its own purchases of goods and services, which further generate economic indicators (these are indirect impacts). Employees at the firm will spend a portion of their salaries on the purchase of goods and services, further generating jobs, etc. These are known as induced effects.

Firms will, generally, spend in a variety of industries (legal services, warehousing, accounting, for example). The economic impact process is additive. Each industrial sector from which purchases are made will generate separate economic indicators. IMPLAN will process this information, estimate missing data points, and generate a total output, which is considered the economic impact of the firm's presence in the geography—based on reported expenditures.

Appendix 4: Remittance Scenarios with Economic Impact

Because collected fees are transferred into a variety of funds which are then used for purchasing various goods and services (operational, capital, and/or payrolls), the economic impacts from the previous section can vary depending on how these revenues are used.

The totality of funds expenditures varies due to inconsistencies in fund balances at the start and end of each fiscal year. Reviewing data from FY21 shows that, while some funds carry a balance at the end of the fiscal year, others show expenditures greater than one hundred percent of their total. As such, this report assumes that collected fees are wholly spent on the social programs they support and that those expenditures occur within the same year they are collected.

Spending information is available only for FY21 and is not granular enough to trace to specific industries. As such, expenditures are evaluated in the following scenarios:

1. The \$97.3 million in fees revenues are returned to the pockets of individuals residing in households earning median incomes in the state of New Mexico and are available for the purchase of goods and services.
2. The \$97.3 million are used entirely as compensation for current local government employees, who may also use the funds for purchases.
3. The same expenditures are allocated into spending patterns consistent with local governments in the State.

The economic impact of Scenario one is shown in Table 25. This is the same impact shown in Table 9 of the *Total Fees* subsection in *Economic Impact Results*. Allowing median-income households to keep and use the fee revenue total is expected to improve State economic conditions by 618 jobs, \$27.6 million in income, and \$95.8 million in output. These results describe a situation where fees which are simply not collected or that fees are collected and subsequently returned to median-income households (without accounting for any transactional costs).

Table 25 Economic Impact of Scenario 1

	Employment	Labor Income	Output
FY17	134	\$5,625,822	\$19,516,522
FY18	131	\$5,680,122	\$19,693,781
FY19	129	\$5,617,383	\$20,038,339
FY20	92	\$4,250,393	\$14,064,666
FY21	66	\$3,187,723	\$11,225,900
FY22	66	\$3,210,166	\$11,304,938
Total	618	\$27,571,610	\$95,844,146

The annual impacts of scenario two are described in Table 26. While large in magnitude, economic impacts are only between 70 percent and 78 percent as large as those from Scenario 1. Employment impacts hover around 71 percent in the earlier fiscal years but finish at 78 percent of Scenario 1 figures. A similar effect is seen for labor income. Industrial output effects are more muted, remaining at only 70 percent of the Scenario 1 total from FY17 to FY19.

Table 26 Economic Impact of Scenario 2

	Employment	Labor Income	Output
FY17	95	\$3,968,653	\$13,739,078
FY18	93	\$4,015,494	\$13,874,552
FY19	92	\$3,968,778	\$14,115,232
FY20	66	\$3,040,200	\$10,092,895
FY21	51	\$2,475,239	\$8,555,944
FY22	52	\$2,492,667	\$8,616,184
Total	450	\$19,961,032	\$68,993,885

In all, the economic impact of routing fee revenues exclusively to local government payrolls generates a smaller benefit to the State. The 450 jobs created through this endeavor amount to only 73 percent of the 618 from Scenario 1. Likewise, labor income totals almost \$20 million, and industrial output is just under \$69 million. Those account for 72 percent of the figures from Scenario 1.

The economic impacts resulting from Scenario 3 are listed in Table 27. This scenario records the smallest effects of the three Scenarios. At a benefit of 369 jobs, the employment impacts amount to only 60 percent of that estimated in Scenario 1. \$18.1 million in labor income and \$66.1 million in labor income lag Scenario 1 total by about 34 percent and 31 percent, respectively.

Table 27 Economic Impacts of Scenario 3

	Employment	Labor Income	Output
FY17	77	\$3,467,535	\$12,655,392
FY18	74	\$3,518,895	\$12,629,666
FY19	70	\$3,340,339	\$12,583,317
FY20	61	\$3,106,218	\$11,036,222
FY21	43	\$2,318,615	\$8,544,369
FY22	44	\$2,337,399	\$8,605,228
Total	369	\$18,089,002	\$66,054,195

Table 28 shows the total economic impacts of the three scenarios. If funds expenditures remain in the wallets of individuals, those \$97.3 million are estimated to support a total of 618 jobs, \$27.6 million in income, and \$95.8 million in output. As compensation for current local government employees, the \$97.3 million are worth slightly less: 450 jobs, almost \$20 million in income, and nearly \$69 million in industrial output.

Table 28 Total Economic Impact of Fund Expenditures, Scenarios 1 to 3

	Employment	Labor Income	Output
Scenario 1	618	\$27,571,610	\$95,844,146
Scenario 2	450	\$19,961,032	\$68,993,885
Scenario 3	369	\$18,089,002	\$66,054,195

Scenario three provides the smallest estimates: 369 in employment \$18.1 million in income, and \$66.1 million in output. Nonetheless, the true impact of funds expenditures lies somewhere in between the three scenarios, as distributions are expected over a wide range of goods and services.

Appendix 5: Remittance Scenarios with Fiscal Impact

Economic data from three scenarios are evaluated to determine the tax effect at each level. Again, the three scenarios are:

1. \$97.3 million collected in fees remains in the pockets of individuals residing in households earning median incomes in the State of New Mexico and are available for the purchase of goods and services.
2. The \$97.3 million are used completely as compensation for current local government employees, who may also use the funds for purchases.
3. Expenditures are allocated into spending patterns consistent with local governments in the State.

Table 29 determines the value of the fees revenues spent through funds in Scenario 1, disbursement of fees to persons of the median wage in the State. The \$97.3 million in funds expenditure total \$4.2 million in gross receipt taxes, \$3,900 in residential property taxes, \$22,200 in non-residential taxes, \$120,000 in personal income taxes, and about \$44,000 in corporate income taxes. Together, the tax impact for Scenario 1 is \$4.4 million. This effect is the same as that from Table 13 in the *Total Fees* section above. It records the effect of either eliminating the collection of fees between FY17 and FY22 or of returning fee revenues to median-income households during the same fiscal years.

Table 29 Fiscal Impacts of Scenario 1

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
FY17	\$762,070	\$811	\$5,899	\$23,674	\$12,982	\$805,435
FY18	\$790,068	\$821	\$4,199	\$25,524	\$18,059	\$838,671
FY19	\$851,615	\$800	\$5,230	\$26,297	\$3,463	\$887,405
FY20	\$589,759	\$583	\$2,614	\$18,689	\$6,027	\$617,672
FY21	\$609,381	\$427	\$2,121	\$12,885	\$1,736	\$626,550
FY22	\$613,671	\$430	\$2,136	\$12,976	\$1,748	\$630,961
Total	\$4,216,563	\$3,873	\$22,199	\$120,044	\$44,015	\$4,406,693

The fiscal impacts of Scenario 2 are in Table 30. Scenario 2 measures the effect of using fee revenues to cover local government payrolls, exclusively. Total tax effects are between 29 percent and 27 percent smaller than those from Scenario 1, implying that the previous generates a better fiscal situation for the State. In all, Scenario 2 taxes sum to \$3.2 million, compared to the \$4.4 million from Scenario 1.

Table 30 Fiscal Impacts of Scenario 2

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
FY17	\$530,517	\$564	\$4,095	\$16,468	\$9,011	\$560,654
FY18	\$550,821	\$581	\$2,958	\$18,044	\$12,723	\$585,127
FY19	\$593,558	\$565	\$3,684	\$18,579	\$2,439	\$618,826
FY20	\$417,582	\$417	\$1,876	\$13,368	\$4,325	\$437,568
FY21	\$487,462	\$331	\$1,617	\$10,005	\$1,323	\$500,739
FY22	\$490,894	\$334	\$1,628	\$10,076	\$1,332	\$504,264
Total	\$3,070,835	\$2,793	\$15,857	\$86,539	\$31,153	\$3,207,177

Impacts from Scenario 3 are smaller in magnitude than those from Scenario 1 or 2 (Table 31). Totals are only between 60 percent and 68 percent of Scenario 1 figures. This scenario estimates a total tax effect of \$2.8 million—37 percent smaller than that calculated for Scenario 1.

Table 31 Fiscal Impacts of Scenario 3

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
FY17	\$452,579	\$500	\$3,825	\$14,592	\$8,418	\$479,913
FY18	\$468,470	\$509	\$2,693	\$15,813	\$11,581	\$499,065
FY19	\$488,429	\$476	\$3,284	\$15,637	\$2,175	\$510,001
FY20	\$422,122	\$426	\$2,051	\$13,658	\$1,707	\$439,964
FY21	\$417,877	\$311	\$1,614	\$9,372	\$1,321	\$430,495
FY22	\$420,963	\$313	\$1,626	\$9,448	\$1,331	\$433,681
Total	\$2,670,439	\$2,534	\$15,094	\$78,519	\$26,533	\$2,793,119

Table 32 shows the total tax impacts of the three scenarios. If criminal justice fees were simply not collected, those \$97.3 million would generate an estimated \$4.4 million in tax income. As compensation for current local government employees, fee revenues are worth about \$3.2 million. Scenario 3 generates the smallest tax effect, \$2.8 million.

Table 32 Total Fiscal Impact of Fund Expenditures, Scenarios 1, 2, and 3

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
Scenario 1	\$4,216,563	\$3,873	\$22,199	\$120,044	\$44,015	\$4,406,693
Scenario 2	\$3,070,835	\$2,793	\$15,857	\$86,539	\$31,153	\$3,207,177
Scenario 3	\$2,670,439	\$2,534	\$15,094	\$78,519	\$26,533	\$2,793,119

Appendix 6: Economic and Fiscal Effects of 50 percent Poverty Rate

The New Mexico poverty rate was used because it is difficult to say whether or not those living in poverty are more inclined to commit crime than those who reside above poverty thresholds. There is evidence to suggest that individuals who live below the poverty threshold are 3 times as likely to be arrested than persons residing outside the spectrum of poverty, however⁹. Other research determines that in the three years prior to incarceration, only 49 percent labor-force eligible men were employed; furthermore, when employed the median annual earnings were in the \$6,000¹⁰. A study conducted on California drivers further demonstrates that 33 percent of persons charged with traffic offenses did not attempt to make payments, despite qualifying for reduced fines. Of the remaining two-thirds, only half completed payments¹¹.

Because of those findings, it is likely that the poverty ratio for persons charged with fines and fees in New Mexico is larger than what the New Mexico poverty levels reflect. This appendix reflects the relief to total economic and fiscal impacts in a scenario where half, or 50 percent, of convicted offenders reside beneath the poverty threshold.

Table 33 Economic Impact of Fees Collected assuming a 50 percent Poverty Threshold

	Employment	Labor Income	Output
FY17	67	\$2,812,911	\$9,758,261
FY18	65	\$2,840,061	\$9,846,890
FY19	65	\$2,808,692	\$10,019,170
FY20	46	\$2,125,197	\$7,032,333
FY21	33	\$1,593,861	\$5,612,950
FY22	33	\$1,605,083	\$5,652,469
Total	309	\$13,785,805	\$47,922,072

Table 33 shows the economic impact of indigent offenders, assuming a 50 percent poverty population. These estimates are reductions by half of those in Table 9; values also represent *savings* to the total impact, should fees be eliminated for indigent offenders. Total savings amount to just under \$48 million across all fiscal years examined.

⁹ Incarceration and Poverty in the United States. American Action Forum, 2020.

¹⁰ Work and Opportunity Before and After Incarceration. The Brookings Institution, 2018.

¹¹ Reducing Fines and Fees for Low-Income Drivers: Improving California's Online Ability-to-Pay System. Ideas42, 2021.

Table 34 Fiscal Impact of Fees Collected assuming a 50 percent Poverty Threshold

	Gross Receipts Tax	Residential Property Tax	Non-residential Property Tax	Personal Income Tax	Corporate Income Tax	Total
FY17	\$381,035	\$405	\$2,949	\$11,837	\$6,491	\$402,718
FY18	\$395,034	\$411	\$2,100	\$12,762	\$9,029	\$419,335
FY19	\$425,807	\$400	\$2,615	\$13,148	\$1,731	\$443,702
FY20	\$294,879	\$292	\$1,307	\$9,344	\$3,013	\$308,836
FY21	\$304,690	\$213	\$1,060	\$6,443	\$868	\$313,275
FY22	\$306,836	\$215	\$1,068	\$6,488	\$874	\$315,480
Total	\$2,108,281	\$1,936	\$11,099	\$60,022	\$22,007	\$2,203,347

Table 34 shows the fiscal impact of the economic impact presented above. These figures, too, are halves of estimates in Table 13. Should fees be eliminated for 50% of the charged population, the total fiscal impact is expected to reduce by \$2.2 million.

Appendix 7: Overview of Fees

Fee	Case Type	Fee Fund/Transfers to:
Judicial Education Fee	All	UNM Institute of Public Law
Bench Warrant Fee	All	Warrant Enforcement Fund at Administrative Office of the Courts
Magistrate Retirement Fee	All	Public Employees Retirement Association for Magistrate retirement
DWI Prevention	DWI	Department of Transportation
DWI Lab Fee	DWI	Department of Health; a portion transfers to the City of Albuquerque
DWI Substance Abuse Fee	DWI	Department of Public Safety
Traffic Safety Fee	DWI	Department of Transportation
Corrections Fee	All	Vouchers are completed quarterly and provided to local government (counties)
Court Automation Fee	All	Supreme Court Automation Fee Fund at Administrative Office of the Courts
Civil Legal Service Fee	Civil	Department of Finance and Administration for the Legal Service Commission
Brian Injury Fee	All	Human Services Department
Court Facilities Fee	All	Voucher is sent to New Mexico Finance Authority
Municipal Court Automation	Municipal Court: All	Municipal Court Automation Fund at Administrative Office of the Courts
Drug Court Fee	Criminal Misdemeanor	Remains in the Drug Court Fund at Administrative Office of the Courts
Domestic Violence Fee	All	Department of Finance Administration for the Domestic Violence Program at New Mexico Children, Youth, & Families Department
Mediation Fee	Criminal Misdemeanor	Mediation Fund at Administrative Office of the Courts
Jury and Witness Fee	All	Generates revenue for Jury and Witness Fund at Administrative Office of the Courts
Juvenile Adjudication Fee	Juvenile Traffic	Department of Finance and Administration
Magistrate Court Operation Fee	Magistrate: All	Transfers to the State General Fund since the fee sunset on May 31, 2014
Crime Victims Reparation Fee	Criminal and Traffic Misdemeanor	Crime Victims Reparation Commission