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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Berghmans/Jarmillo **ORIGINAL DATE** 02/12/24

BILL

SHORT TITLE Look Twice for Motorcycle License Plate **NUMBER** Senate Bill 236

ANALYST Montano

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Fee	At least \$3.3	At least \$3.6	At least \$4.0	At least \$4.3	At least \$4.6	Recurring	Motorcycle Training Fund (NMDOT)
Fee	At least \$0.7	At least \$0.7	At least \$0.7	At least \$0.7	At least \$0.7	Recurring	MVD Suspense Fund (TRD)

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
TRD/MVD	No fiscal impact	\$31.9	No fiscal impact	\$31.9	Nonrecurring	MVD Suspense Fund
TRD/MVD	No fiscal impact	At least \$0.8	At least \$0.8	At least \$1.6	Recurring	MVD Suspense Fund
Total	No fiscal impact	At least \$32.7	At least \$0.8	At least \$33.5		MVD Suspense Fund

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)

SUMMARY

Synopsis of Senate Bill 236

Senate Bill 236 (SB236) expands the Look Twice for Motorcycles special registration plate program to include motorcycles, in addition to regular motor vehicles. The bill aims to promote motorcycle safety awareness by offering a distinct motorcycle-specific plate through the Motor Vehicle Division (MVD). Vehicle owners can apply for the plate at an initial cost of \$45 for motor vehicles and \$40 for motorcycles, with annual renewal fees of \$15 and \$10, respectively.

Revenue generated from these plates is allocated to cover MVD production costs, while the remaining funds are appropriated to the Department of Transportation's (NMDOT) Motorcycle Training Fund. These funds will support statewide driver awareness education and motorcycle safety training programs. The bill also includes a review provision, requiring MVD to assess plate issuance numbers annually beginning July 1, 2026. If demand for either the motor vehicle or motorcycle version of the plate falls below 50% of the average issued in fiscal years 2024 and 2025, MVD will discontinue the plate for that category.

With an effective date of July 1, 2025, SB 236 seeks to enhance public awareness of motorcycle safety on New Mexico's roads while ensuring financial sustainability for safety education initiatives.

FISCAL IMPLICATIONS

TRD cannot accurately predict how many of these motorcycle plates will be requested. TRD can report the total cost of manufacturing and distributing each license plate will be about \$10, which is not covered by the \$7 that TRD retains from the \$40 initial fee. TRD highlights:

Creation of the new specialty plate must be in accordance with existing state statute under Section 66-3-424D2 NMSA 1978, which states that entities registering a registration plate with a logo "shall provide a prepayment to the division in an amount sufficient to cover the plate and logo costs of the initial order." Typically, the initial fee to purchase plates is \$800; \$250 for design/artwork costs while \$5.50 is charged for each plate in the initial batch of 100.

If 100 of these plates were sold, then TRD would only generate \$700 dollars in revenue, which is not sufficient to cover an initial purchase of \$800. A projection for the implementation of SB236 is that TRD will lose at least \$100 dollars in revenue but would lose more depending on how many batches of license plates are required.

The Department of Transportation's (NMDOT) motorcycle training fund will generate \$33 in revenue per plate sold and an additional \$10 for the renewable license fee. If TRD only creates one batch of 100 license plates, then NMDOT will generate \$3,300 in revenue from the initial fee and a subsequent \$330 for every year if all 100 license plate owners renew their license plate. If TRD continues to sell at least 100 license plates a year, then each subsequent year will experience \$330 more of renewable license fees compared to the previous year due to there being 100 new license plate owners. This recurring source of revenue is just a floor, and NMDOT should project at least \$3,300 of revenue generated for FY26, \$3,630 for FY27, \$3,960 for FY28, and so on. The limit of potential revenue generated for NMDOT is dependent on the total number of batches of license plates TRD makes.

TRD is expecting a \$31.9 thousand nonrecurring increase to its operating budget for the implementation of SB236 to implement and test the changes required in the motorcycle special plate fee process, registration fee, and workload cost. TRD is also expecting at least an \$800 recurring cost per 100 license plates, if it needs to make at least 100 per year.

SIGNIFICANT ISSUES

There is a conflict of interest between TRD and NMDOT with the implementation of SB 236 because, as the total number of license plates increases, TRD will lose more money and, therefore, would be incentivized to stop production. However, as TRD makes more license plates, NMDOT revenue increases, therefore incentivizing NMDOT to urge TRD make more batches of license plates. This relationship is not fiscally sound. If TRD retained at least \$8 per initial fee, which would be in accordance with existing state statute under Section 66-3-424D)(2) NMSA 1978. This would lead to NMDOT generating \$100 less in initial fees, but revenue generated from the yearly license plate renewal would be unchanged.

PERFORMANCE IMPLICATIONS

TRD said:

The bill amends Section 66-3-424.40 NMSA 1978 “Special Look Twice for Motorcycles Plate” to provide a motorcycle plate version. Section 66-3-424.40 (D) NMSA 1978 has a formula to allow for the discontinuation of the specialty plate if the sales in a fiscal year are less than the average of the plate sales from the previous two fiscal years. This subsection is amended to allow for a comparison of the fiscal year plate sales and registrations renewed on July 1, 2026, and July 1 of each subsequent year against an average of the prior two fiscal years plate sales only. This is applicable for comparing motor vehicles under the legislation passed in 2023. Should this amended bill be passed into legislation, there will be no data for review of the motorcycle plate version sales during the fiscal years of 2024 and 2025. It is recommended that this subsection provide separate fiscal years for when a review for discontinuation is to begin for a motor vehicle plate version and a motorcycle plate version.

TECHNICAL ISSUES

TRD said:

The process of creating the artwork for specialty plates as well as the approval processes both internal and with law enforcement can be lengthy. MVD requests that the effective date of this bill be January 1, 2026, instead of July 1, 2025.

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