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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/26/17  
LAST UPDATED 3/8/17

SPONSOR Fajardo HB 186/a HTPWC/aHFl#1

SHORT TITLE FFA License Plates SB \_\_\_\_\_

ANALYST Romero

### APPROPRIATION (dollars in thousands)

| Appropriation |       |       | Recurring<br>or<br>Nonrecurring | Fund<br>Affected                    |
|---------------|-------|-------|---------------------------------|-------------------------------------|
| FY17          | FY18  | FY19  |                                 |                                     |
| \$0.2         | \$0.2 | \$0.2 | Recurring                       | TRD – MVD Operating                 |
| \$1.3         | \$1.3 | \$1.3 | Recurring                       | NMSU – Department of<br>Agriculture |

(Parenthesis ( ) Indicate Revenue Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

|              | FY17   | FY18  | FY19  | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected       |
|--------------|--------|-------|-------|----------------------|------------------------------|------------------------|
| <b>Total</b> | \$11.2 | \$0.0 | \$0.0 | \$11.2               | Nonrecurring                 | TRD – ITD<br>Operating |

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 36, HB 132, HB 393, HB 458, SB51, SB52, SB 265, SB 297, SB 357, SB 405, SB 424

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of HFL Amendment

The House Floor Amendment strikes the last instance of “future farmers of America” and replaces it with “FFA”.

#### Synopsis of HTPWC Amendment

This amendment changes all instances in the bill of “Future Farmers of America” to “FFA”. This

amendment also changes where the collected revenue is to go. Instead of going to the PED for distribution it now is appropriated to the New Mexico state university board of regents for the New Mexico Department of Agriculture.

### Synopsis of Bill

This bill adds a new Section to the Motor Vehicle Code providing for a special Future Farmers of America license plate. The fee for this plate is an additional \$35 in addition to the regular registration fee, with \$25 being appropriated to the Public Education Department for distribution to schools with active chapters of the Future Farmers of America to fund agricultural education and transportation of public school students to agricultural education events in the state, and \$10 being retained by the Taxation and Revenue Department (TRD) to defray the cost of making and issuing the plate. This additional fee must be paid each year to retain the plate.

### **FISCAL IMPLICATIONS**

The cost to design and implement a new plate type is passed on the requesting entity. The requesting entity is asked to pay for the initial order of 100 plates. Total cost is \$600: \$100 to design and \$500 for the initial order.

Implementation of this bill will have a low impact on the Information Technology Division of the Taxation and Revenue Department. Total time to complete, test and implement changes is four weeks with an estimated cost of \$11,200.

- Implementation of a special Future Farmers of America license plate requires effort to set up the new plate type, inventory, and add into the registration process, new fees, and new distributions.
- Additionally the new plate image will need to be added into the system and the new fund code will be implemented for distribution to schools.

### **ADMINISTRATIVE IMPLICATIONS**

There will be minimal administrative impact for the TRD Motor Vehicle Division (MVD). A new special plate application form will be required as well as an update to the special plates section of MVD's Vehicles Manual.

Financial Distribution Bureau (FDB) staff will need to verify Tapestry system changes by performing selected tests of data, functionality and reporting, prior to authorizing Tapestry to move changes into production. The legislation does not specify an effective date; however language should be added to the bill stating "beginning with fees collected on or after July 1, 2017". Within the state's central accounting system (SHARE) new accounts will need to be created by FDB staff to record the fees collected and distributed. FDB would need to obtain the Public Education Departments accounting string (fund, account, subaccount, budget reference and classification) to be used to distribute fees collected for this special plate. FDB time impact – 40 hours. No additional FTE required.

**TECHNICAL ISSUES**

The bill is drafted similarly to existing law, Section 66-3-424.29 NMSA 1978 (Special New Mexico state 4-H registration plate.) The change would take about 2 months to put into production after Waldale, the current manufacturer of license plates for MVD, has finalized the plate design. All legislation affecting plates would be worked on concurrently and should have a dedicated team treating it as a stand-alone mini project. All of the changes affect the same tables and processes in Tapestry.

**OTHER SUBSTANTIVE ISSUES**

Because the FFA logo is trademarked, advance approval from the FFA should be obtained with respect to usage rights, fees, and alteration or modification of logo.

IR/al/jle