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FISCAL IMPACT REPORT

SPONSOR <u>Duncan/Ortez/Vincent/Block/Pettigrew</u>	LAST UPDATED <u>2/21/23</u>	ORIGINAL DATE <u>2/14/23</u>
SHORT TITLE <u>Smokey Bear License Plate</u>	BILL NUMBER <u>House Bill 363/aHTRC</u>	ANALYST <u>Torres, J</u>

REVENUE* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
No fiscal impact	Up to \$1.2		Recurring-for as long as the plate is issued	MVD Suspense Fund
	Up to \$3.8		For initial fee, not including renewal fees	EMNRD forest fire prevention division

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$26.6		\$26.6	Nonrecurring	MVD Suspense Fund-Staff Workload Cost
		\$0.8		\$0.8		
Total		\$27.4		\$27.4		

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

Sources of Information

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
 Energy, Minerals and Natural Resources Department (EMNRD)
 Tourism Department (NMTD)

SUMMARY

Synopsis of HTRC Amendments to House Bill 363

The House Taxation and Revenue Committee amendment includes a \$12.00 initial fee for the MVD suspense fund, up from \$10.00 with the remainder of the \$50.00, or \$38.00, distributed to the EMNRD forest fire prevention division. The effective date is changed to July 1, 2024 and other target dates are moved back to reflect the revised effective date.

TRD states:

The *House Taxation & Revenue Committee* amendment changes the amount of fee retained by MVD from \$10 to \$12 of the initial fee. It also changes the effective date of the bill to July 1, 2024, and moves all years referenced in the bill out one year as a result.

Synopsis of Original House Bill 363

House Bill 363 provides for a new special license plate design supporting EMNRD's forest fire prevention division. This plate will have an initial fee of \$50 and a renewal fee of \$40 in addition to other motor vehicle registration fees. The Motor Vehicle Division (MVD) will retain \$10 of the initial fee to defray the cost of manufacturing and issuing the plate. The remaining \$40 of the initial fee, and the full \$40 renewal fee, will be appropriated to the EMNRD forest fire prevention division.

The effective date of this bill is January 1, 2023.

FISCAL IMPLICATIONS

Amounts reflected in the revenue table above account for only an initial batch of 100 specialty plates.

TRD states:

Creation of the new specialty plate must be in accordance with existing state statute 66-3-424; Standardized Special Registration Plates with Logos. The particular section of 66-3-424 that will need to be addressed is D. (2): '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 is \$800; \$250 for design/artwork costs while \$550 is charged for each plate in the initial batch of 100.'

It may be possible that MVD can leverage the existing relationship that the New Mexico State Forestry Division, which is already a member of the National Association of State Foresters for the licensing of Smokey Bears image and name. However, this possible partnership has not been established. Without knowing if a partnership is possible or what the long-term licensing fee will be as well as the total number of plates to be issued we are unable to create a cost benefit analysis. With the unknowns mentioned, MVD may not be able to create and manage this program.

Total cost of manufacturing and distributing license plates has increased significantly because of increases in material costs, specifically aluminum costs and shipping costs. MVD requests the plate fee to be increased from \$10.00 to \$12.00 to allow for these increased costs.

Implementation of this bill will have a moderate impact on ITD. The estimated time to develop, test and implement the changes is approximately 480 hours or 12 weeks for an estimated \$26,600 of staff workload cost. This bill requires changes in the vehicle special plate fee process, registration fee calculation and distribution for MVD and EMNRD.

Application and configuration changes are required to the system. Fee and reverse distribution changes for MVD and EMNRD.

EMNRD supports this initiative. The agency is currently uncertain as to the amount of revenue it will generate.

SIGNIFICANT ISSUES

NMTD states:

Smokey Bear is a beloved figure in New Mexico history and a special registration plate is a way to export this aspect of New Mexico culture.

As the last year has shown, forest fires do an incredible amount of damage, not only to our beautiful outdoor spaces, but also to businesses and homes affected by them. The damage to our tourism industry is long-lasting, and educational activities related to forest fire prevention are an important aspect of conservation.

TECHNICAL ISSUES

TRD states:

The process of licensing with a federal agency, creating the artwork for specialty plates as well as the approval processes both internal and with law enforcement can be lengthy, we ask that the effective date of this bill be July 1, 2024 instead of July 1, 2023.

This bill acknowledges New Mexico's Smokey Bear logo as the symbol of forest fire prevention. The license plate itself will remind others to prevent forest fires and will also fund EMNRD's forest fire prevention effort. The bill provides a money-saving sunset option. If MVD determines that plates issued in subsequent fiscal years were less than 50 percent of the average number of plates issued in fiscal years 2024 and 2025, their production will cease. TRD asks for passage on July 1, 2024, rather than 2023.

The HTRC amendments incorporate the requested MVD fee of \$12.00 per plate and the effective date of July 1, 2024.

JT/al/ne