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## FISCAL IMPACT REPORT



SPONSOR: Watchman DATE TYPED: 02/05/02 HB 425

SHORT TITLE: High School Rodeo Association License Plates SB \_\_\_\_\_

ANALYST: Hayes

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
			Indeterminate	Non-Recurring	Other State Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	Minimal		Non-recurring	MVD
	Minimal		Recurring	State Road Fund
	Minimal		Recurring	Local governments

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)  
 New Mexico Highway and Transportation Department (SHTD)  
 LFC files

### SUMMARY

#### Synopsis of Bill

House Bill 425 adds a new section to Chapter 66, Article 3 NMSA 1978 by directing the Motor Vehicle Division (MVD) to establish and issue special New Mexico High School Rodeo Association

vehicle registration plates. Those purchasing such license plates are required to pay a fee of \$10 in addition to regular motor vehicle registration fees.

Revenue from the \$10 fee is to be retained by the Motor Vehicle Division to cover costs of manufacturing and issuing the plates during fiscal year 2003. Thereafter, the fees would be transferred to the State Treasurer for credit to the motor vehicle suspense fund for distribution in accordance with Section 66-6-23 NMSA 1978.

The effective date of this bill is July 1, 2001.

### **FISCAL IMPLICATIONS**

\*\*TRD is unable to forecast the demand for these license plates. Although anyone would be able to purchase the NM High School Rodeo Association license plates, revenue from the fees collected for these plates would most likely be minimal. The New Mexico Rodeo Association currently has less than 300 members.

### **ADMINISTRATIVE IMPLICATIONS**

According to TRD, the administrative impact of this bill would be tremendous in relationship to the potential demand for these license plates. To implement this proposal, the Motor Vehicle Division would be required to create new forms. The Taxation and Revenue Department's Information System Bureau would need to create a new code and financial program for the new plate code. Artwork for the plates would need to be designed and approved. Special sheeting would have to be ordered from a contractor at a cost of \$2.50 to \$3.00 per plate (depending on total number of colors used), plus shipping would have to be paid from the \$10.00 fee. Total cost depends on the demand for the plates. Plates are ordered at a minimum of 1,700 because this is the number of plates that can be made from one roll of sheeting. A minimum order would cost the state anywhere from \$4,250 to \$5,100—more than the revenue collected if the 300 members purchased the license plates.

### **RELATIONSHIP**

Other specialty “prestige” plates have been proposed during the 2002 Session:

SB409, Mail Carrier license plates  
HB236, Agricultural Products license plates  
HB14, Wildlife Registration license plates

### **TECHNICAL ISSUES**

Legislation regarding specialty plates typically indicates who will be responsible for designing or assisting in the design of specialty license plates. It is usually the interested party/organization who is designated for the design process. It is suggested that such a designation is made in this bill.

### **OTHER SUBSTANTIVE ISSUES**

If there were a delay in the manufacturing and implementation of issuing these special NM High School Rodeo Association license plates, MVD may not receive adequate reimbursement to cover

the costs of their production. A better revenue distribution formulation would be to allow MVD to retain \$10 per license plate for the first two years after the special plate design becomes available.

**POSSIBLE QUESTIONS**

1. Why does this proposed legislation request that revenue collected from these plates after 2003 is credited to the motor vehicle suspense fund and not directly to MVD for the continued manufacture and production of the license plates?
2. Given that the license plate is for the NM High School Rodeo Association, does the sponsor believe that the adult demand for this plate will be significant? Will the demand outweigh the cost of manufacturing these plates?

CMH/njw:ar