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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/11/09  
 LAST UPDATED 02/18/09    HB 305

SPONSOR Rehm

SHORT TITLE Front & Rear Vehicle License Plates    SB \_\_\_\_\_

ANALYST Haug

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	None		

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue				Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11	FY12		
	\$3,375.0	\$4,125.0	\$750.0	Nonrecurring	MVD Operating Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)

General Services Department (GSD)

### SUMMARY

#### Synopsis of Bill

House Bill 305 requires that both front and rear license plates and registration stickers be issued to vehicle owners by the TRD. The bill also provides that the TRD may charge an extra fee, of not more than five dollars, for issuance of the extra plate. Exceptions to two plates and registration stickers are provided for short-term registration of a foreign commercial motor carrier vehicle or the registration of a manufactured home, proportionally registered fleet vehicle, one-way rental fleet vehicle, horseless carriage, trailer or off-highway motor vehicle. A transition period is provided for current single license plate vehicles which will require two license plates.

## FISCAL IMPLICATIONS

House Bill 305 contains no appropriation. The revenue table above reflects TRD's calculation that for the vehicle types affected by this bill, approximately 1,350,000 vehicles are registered each year, and the total population of registered vehicles is approximately 1,650,000. At \$5 per vehicle, the revenue gain across three fiscal years would be about \$8,250 thousand. Approximately 300,000 vehicles under the two-year registration option do not renew in any given year, resulting in the uneven spread of revenue across fiscal years.

TRD notes:

MVD would have to either: 1) provide an identical additional plate for each (one-plate) vehicle upon renewal of registration; or, 2) replace all existing single plates with new two-plate sets upon renewal.

For ease of issuance the most convenient, secure and cost efficient way to meet the requirements of this bill would be to issue two new plates and registration stickers at the time of registration renewal in 2010 or thereafter. MVD estimates it would break even in cost using this option, as follows:

2 Plates @ \$1.75 ea.	\$3.50
2 Registration Stickers @ \$0.20 ea.	.40
Plate Storage, Shipping and No Charge Plates and Other Misc.	<u>1.10</u>
Total	\$5.00

Implementation would involve changes to the following computer system applications:

- MVD Mainframe Batch Programs (200 hrs)
- MVD 2.0 Vehicle Titling and Registration Programs (120 hrs)
- MVD Monthly Vehicle Registration Billing Program (160 hrs)
- MVD Revenue Accounting Program (MVRO) (80 hrs)
- User Acceptance Testing (120 hrs)

Total Hours: 680

GSD states that the Transportation Services Division (TSD) of the General Services Department, which controls approximately 2,400 vehicles in the TSD fleet, projects that to reissue additional plates for the TSD fleet will cost \$12,000 assuming only a re-issue of a front plate to match the second plate. It is anticipated that the total executive fleet consists of 7,715 vehicles which would then cost \$38,575.00. State fleets currently have two separate types (different formats) of license plates on them. A re-issuance attempt is currently underway as new state vehicles are acquired and a new state government license plate is placed on the vehicle. The decision whether or not to place an older formatted plate on a state vehicle has to be made. That decision may in fact lead to additional cost to satisfy the requirements of HB305.

## SIGNIFICANT ISSUES

TRD states:

Given the current state of the economy, an additional fee would be burdensome for many plate holders. The cost to MVD for providing second plates to holders of special design plates (e.g.,

National Guard plates, prestige plates, etc.) would probably exceed the allowed additional fee amount proposed in this bill.

This bill may be in response to concerns from the law enforcement community. Officers prefer front and rear plates because it is easier to run information checks on vehicles equipped with plates on the front and the rear, and in some cases officers only see the front of vehicles.

Several special plates issued by the Department do not require payment of fees for vehicle registration. Examples include plates for elected officials, Medal of Honor recipients, Purple Heart recipients, prisoners of war, disabled veterans, and handicapped individuals. The bill does not address these special plates, and the additional fee of up to \$5 would probably apply.

Reissuing personalized (“prestige”) special registration plates allowed under Section 66-3-15 NMSA 1978, may present additional operational challenges.

Some vehicles registered under the two-year registration option might not receive a front registration plate until near the end of 2011.

The GSD notes that time associated with tracking down state vehicles that are domiciled all over the state could prove to be significant in order to match the front plate with the vehicle. Since TSD has been involved in a plate re-issuance program as new vehicles are acquired, it makes more sense to issue two new plates on those vehicles which currently have the old plate format. This is also true for the other state agencies that control their own fleets; Department of Transportation, Energy Minerals & Natural Resources Department, Department of Game and Fish; Department of Public Safety.

### **TECHNICAL ISSUES**

According to TRD, Section 3 of the bill allows an additional fee of up to \$5 for issuance of each new second (front) plate, but the fee is not directed to the Motor Vehicle Division. The fee should be appropriated to the MVD, including a provision making those funds “non-reverting”.

GH/mt