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FISCAL IMPACT REPORT

ORIGINAL DATE 2-25-09

SPONSOR Rodriguez LAST UPDATED _____ HB _____

SHORT TITLE Disabled Veteran License Plate Eligibility SB 668

ANALYST Lucero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	(\$9.0)	(\$9.0)	Recurring	MVD Op Bud *
	(\$485.2)	(\$485.2)	Recurring	State Road Fund *
	(\$160.0)	(\$160.0)	Recurring	Local Government *
	(\$5.0)	(\$5.0)	Recurring	Beautification Fund *
	(\$14.0)	(\$14.0)	Recurring	Tire Recycling *

(* MVD estimates the impact may be half as much)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$78.2	\$50.0	\$128.2	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Transportation (DOT)

SUMMARY

Synopsis of Bill

Senate Bill 668 proposes to amend Section 66-3-412 NMSA of the Motor Vehicle Code to increase from 2 to 3 the number of disabled veteran license plates a disabled veteran may have and allows veterans with any level of disability to obtain the plates free of charge.

The bill adds recreational vehicles to the vehicles that may display this type of license plate. Disabled veterans will not be required to pay annual registration fees for these vehicles.

The provisions of the bill become effective on July 1, 2009.

FISCAL IMPLICATIONS

It should be noted that NMDOT estimates the number of new plates to be twice as high as MVD.

According to the Taxation and Revenue Department (TRD):

The significant fiscal impact of this bill results from the statutory provision that, “No fee, including the regular registration fee ... shall be collected for issuance of a special registration plate pursuant to this section.” As described in the Estimated Revenue Impact - Detail Discussion below, an additional 5,120 vehicles would acquire the disabled veteran plate and become exempt from payment of registration fees, resulting in total lost revenues of \$319,500.

The Department of Veteran Services (DVS) reports 18,000 veterans are 100% disabled with 11,416 issued disabled veteran plates and 162 issued disabled veteran motorcycle plates.

DVS advises that 8,000 additional veterans will qualify for disabled veteran plates if the definition is changed from 100% disabled to any person disabled in the military forces. Even if the total number of plates increases from 2 to 3, MVD theorizes that plate issuance will remain stable to the current level of .64 plates per disabled veteran - $(11,416 + 162)/18,000$ total veterans - because disabled veterans either are unaware of the program, lack registration in the disabled veteran’s name, or do not want to be bothered with a change of plate and registration.

SB668 would make recreational vehicles (RVs) eligible for the disabled veteran plate. ITD reports that total RV registrations at 66,127 are similar to that of total motorcycle registrations at 61,808. MVD estimates additional disabled veteran registrations for RVs would follow that of disabled motorcycle registrations at 162 new disabled registrations. Given this assumption,

MVD projects the following increase for disabled veteran plates:

$8000 \text{ new eligible disabled veterans} \times .64 \text{ plates/veteran} = 5120 \text{ new disabled veteran plates}$

Percent allocation to new disabled veteran plates & registrations;

	Current	% of Total	New Disabled Vet Registrations (8000 x .64)	No. New Veteran Plates (5120 % of Total)
Present Registrations:	No.			
Veteran Disabled Plates	11416	97.2%		4977
Veteran Disabled Motorcycle Plates	162	1.4%		72
Veteran Disabled RV Plates	<u>162</u>	<u>1.4%</u>		<u>72</u>
	11740	100.0%	5120	5120

Fiscal impact:

\$62 per avg. vehicle registration fees x 4977 new veteran registrations = \$308.6 vehicle registration fees.

\$18.50 per average motorcycle registration fee x 72 = \$1.3 motorcycle registration fees

\$134 per average RV registration fee x 72 new veteran registrations = \$9.6 RV registration fees

Administrative Fee: \$2.00 per transaction and distributed according to the entity performing the transactions (Per Section 66-6-23), as follows:

Assume one-half of total transactions are performed by Muni/County FOs

5120 = 2560 Muni/County transactions

2560 Muni/County transactions x \$0.50 = \$1.3 MVD Op Bud

2560 Muni/County transactions x \$1.50 = \$3.8 Local Government

2560MVD FO & Partner transactions x \$1.25/transaction = \$3.2 MVD Op Bud

(2560 MVD FO & Partner transactions x \$0.75/transaction) x 74.65% = \$1.4 State Road Fund

(2560 MVD FO & Partner transactions x \$0.75/transaction) x 25.35% = \$0.5 Local Government

Registration Fee: Distribution 74.65% State Road Fund and 25.35% Local Government per Section 66-6-23.1:

(4977 x \$58 average registration fee) + (72 x 130 average RV registration fees) + (72 x 15 average motorcycle registration fee) = \$299.1 registration fees

\$299.1 registration fees x 74.65% = \$223.3 State Road Fund

\$299.1 registration fees x 25.35% = \$ 75.8 Local Government

Beautification Fee

5120 vehicles x \$0.50/registration = \$2.6 Beautification Fund

Tire Recycling:

[(4977 vehicles + 72 RVs) x \$1.50 /reg] + (72 motorcycles x \$1.00 per reg) = \$7.6 Tire Recycling Fund

ADMINISTRATIVE IMPLICATIONS

The Motor Vehicle Division (MVD) would suffer a non-recurring cost of \$28.2 (5120 plates x \$5.50/plate) in FY10 for the cost of MVD disabled veteran plates and forms in FY10. MVD also projects a recurring negative impact of \$50.0 per fiscal year in lost fees to cover clerk and processing costs of disabled veteran plates and registrations.

OTHER SUBSTANTIVE ISSUES

Last year, the MVD issued 25,000 special plates in 22 different types. Most common were military (9,269) and collegiate (UNM, NMSU, NMT, 8,957), but several of the plates have been issued in much smaller quantities.