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FISCAL IMPACT REPORT

ORIGINAL DATE 2/5/18

SPONSOR Ruiloba **LAST UPDATED** _____ **HB** 157

SHORT TITLE License Plate Replacement & Fees **SB** _____

ANALYST Romero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21		
\$2,260.0	\$2,260.0	\$2,260.0	Recurring	TRD – MVD Operating

(Parenthesis () Indicate Revenue Decreases)

Duplicates, Relates to, Conflicts with, Companion to
HB158

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Public Safety (DPS)

SUMMARY

Synopsis of Bill

House Bill 157 requires all registration license plates be replaced every 8 years. The bill includes a fee of \$2 per year of vehicle registration (either 1 or 2 years) be charged and retained by the department to defray the cost of production of replacement registration plates. The bill includes exceptions for the \$2 per year of vehicle registration fee for registration plates currently issued at no cost such as Pearl Harbor, Medal of Honor, Prisoner of War, 50 percent or more Disabled, National Guard, Purple Heart, NM Ranger and Mounted Patrol, and Gold Star Families.

FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) reports there are approximately 2.26 million license plates issued in New Mexico, many of which will need to be replaced immediately upon the effective date of this legislation. However, the fees will be collected each time the vehicle is registered for either a one-year or two-year term. Assuming all registration plates are renewed

every two years and half, or approximately 1.13 million registration plates, require registration in FY19, TRD will collect approximately \$2.26 million in revenue during the fiscal year. This revenue will be recurring to defray the costs of replacing the registration plates.

TRD notes these additional fiscal implications:

Implementation of this bill will have an impact on the Information Technology Division and a moderate impact to Financial Distribution Bureau (FDB) and MVD. Total cost to develop, test and implement changes is approximately \$230,475 (\$33,600 for state resources and \$196,875 for FAST resources). With this MVD will be able to meet the effective date.

- Development
 - Application and configuration changes are required to the system.
 - This will be a major impact to IT Systems to implement the functionality for all 100 plus registration plate types
 - Fee and revenue distribution changes for additional fee.
 - Online (Web/IVR) systems will have to be modified to have the ability to process these changes for all plate types and assess correct fees.
- Testing
 - Business rules will need to be defined and system changes will be required to Tapestry to add the new registration fee and related distribution. MVD and FDB staff will need to verify Tapestry system changes by performing selected tests of data, functionality and reporting, including performing a mock distribution prior to authorizing Tapestry to move changes into production. FDB testing should be completed 30 days prior to moving changes to production. Within the state’s central accounting system (SHARE) new subaccounts will need to be created by FDB staff to record the new fees collected and distributed. FDB would also need to obtain the accounting string (fund, account, subaccount, budget reference and classification) for distribution purposes.”

SIGNIFICANT ISSUES

A worn license plate is harder for law enforcement to read and identify vehicles. Additionally, a license plate is a reflection of New Mexico and if faded or worn it reflects negatively on the state.

ADMINISTRATIVE IMPLICATIONS

TRD notes there should be some consideration for moving the initial renewal phase to FY2020 to make sure that the implementation does not coincide with the implementation of REAL ID.

TECHNICAL ISSUES

TRD notes the following technical issues:

“Language should be added to the bill, Section 2, stating the fee received by and appropriated to TRD shall be non-reverting to the General Fund. This language is necessary to ensure adequate revenue exists for registration plate replacement.

House Bill 157 – Page 3

On page 2 line 23 66-3-426 should be changed to 66-3-423. There is no 66-3-426 and 66-3-423 is for Year of Manufacture plates which shouldn't be required to replace plates.

On page 2 line 13 and line 22 should add language “and manufactured home plates.”

IR/sb