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FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/18

SPONSOR HRC LAST UPDATED _____ HB 335/HRCS

SHORT TITLE Recycle License Plates SB _____

ANALYST Amacher

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate	Indeterminate		Recurring	Motor Vehicle Division (See Fiscal Impacts.)

(Parenthesis () Indicate Expenditure Decreases)
Companion to: HB 158 and HB 157

SOURCES OF INFORMATION

LFC Files

No Response Received From

Taxation & Revenue Department*

(There was not sufficient time for a response to be composed in time for the committee hearing, this FIR will be updated upon TRD's received response.)

SUMMARY

Synopsis of the Committee Substitute

The House Rules and Order of Business Committee Substitute for House Bill 335, Recycle License Plates, allows the Motor Vehicle Division of the Taxation & Revenue Department to recycle license plates; and allows the proceeds to be used for the Division's operation budget. The effective date of this legislation is July 1, 2018.

FISCAL IMPLICATIONS

The fiscal impact is referenced as indeterminate until a response from TRD is received. The proposed language in the committee substitute allows for the recycling to be done through a contract with a recycling business operating in the state, and funds received from the recycling of registration plates shall be maintained by the motor vehicle division.

If legislation presented in HB 157 and HB 158 were to pass which require replacement of license plates every 8 years and front end license plates, the result is a significant increase in processing and generates a greater need for recycling retired plates. Currently there are approximately 2.26 million license plates issued in NM. And as reported in the analysis for HB 157 and HB 158, if enacted would require an additional 2.26 million new plates upon the effective date of that legislation.

License plates are often made of aluminum. The costs of metals change daily based upon costs of processing, supply and demand similar to other commodities. It is possible, that the range of recycled aluminum may be anywhere from \$0.70 to \$0.35 per pound of aluminum for recycling. A license plate, depending upon how it's manufactured and for which type of vehicle, may weigh anywhere between a quarter to half a pound. More information regarding the costs associated with the recycling business, and the Motor Vehicle Division's processing costs of recycled license plates to provide a better understanding of the fiscal impact.

COMPANIONSHIP

HB 157 requires all license plates to be replaced every 8 years.

HB 158 requires front end license plates.

JMA/al