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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 03/15/21  
**LAST UPDATED** 03/17/21    **HB** \_\_\_\_\_

**SPONSOR**    Senate Floor

**SHORT TITLE**    Mobility Limitation License Plate    **SB** 299/SFIS

**ANALYST**    Graeser

### REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23	FY24	FY25		
No fiscal impact on State or Local Road Funds but could provide more revenue for designated organizations from both the special design element for mobility limitation and from the worthy purposes plate.					R	
Motor Vehicle Division – indeterminate positive					R	TRD Operating

Parenthesis ( ) indicate revenue decreases.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$116.0	--	--	\$116.0	NR	TRD-ITD – Staff workload
	\$143.0	--	--	\$143.0	NR	TRD-MVD operating fund

Parenthesis ( ) indicate expenditure decreases.

This bill apparently combines SB299 mobility limitation design element for special license plates and SB270 which provides a standard license plate for worthy purposes.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department, Motor Vehicle Division (TRD/MVD)

#### Synopsis of Bill

Senate floor substitute for Senate Bill 299 provides for a design element that could be added to special registration plates to designate significant mobility limitation. Applicants would have to qualify for a significant mobility limitation placard and pay any additional fees for the requested special registration plate.

The bill also adapts from the provisions of Senate Bill 270 and creates a standardized registration plate for worthy public purposes. This standardized plate allows for a space where a decal can be placed for the worthy public purpose. The fee will be at least \$10 in addition to the regular motor vehicle registration fee and the additional fees distributed to a state agency to support the designated worthy purpose. These plates, by statute, will have red lettering with a yellow background, have the phrases “New Mexico, USA” and “Land of Enchantment”, and provide for a decal that is 4 1/8 by 3 1/8 inches. This bill also allows for a one-time fee or a recurring fee for the special registration decals and authorizes the additional fee to be remitted to a state agency to assist in funding efforts that support the worthy purpose. The additional fee to be retained by TRD will be set at an amount to cover TRD’s manufacturing and mailing costs. The worthy purpose plate is required to have five alphanumeric character displayed to the right of the special decal area.

The effective date of this bill is July 1, 2021. TRD/MVD indicates that the complexity of the task makes this date infeasible and suggests an effective date of 7/1/22.

### **FISCAL IMPLICATIONS**

Relative to the “worthy purpose” portion of this bill, it is likely that this legislation will ease the process of requesting a new plate for a worthy purpose. This will create revenue flowing to the various new purposes designated pursuant to future law to receive funds related to the sale of their respective special plate types. It is not possible to estimate the amount of increase in revenue for a given fund since this legislation allows for qualified individuals to purchase a special plate type of their choice.

Adding the mobility limitation special design element would then increase the number of special plates for worthy purposes and the associated additional fees which would be distributed to a state agency to use to financially support the designated worthy purpose.

### **SIGNIFICANT ISSUES**

Under SB299/SFIS, New Mexico drivers would be able to show support for a range of causes, if authorized by statute. Many of the state’s special license plates generate fees for state agencies, which use the fee revenue to support a specific cause. For example, an autism awareness license plate incurs a fee of \$35, of which \$25 is appropriated to the Department of Health to fund autism research, outreach, and education, and proceeds from a Route 66 commemorative license plate generate a similar fee for the Department of Transportation to fund the revitalization and preservation of historic Route 66 in New Mexico.

Existing worthy public purposes authorized by statute include those in the following table. Some of these plates require additional fees in the range of \$25 to \$40 per plate, split generally \$10 to MVD and the remainder to a state agency to support a worthy cause:

66-3-420. Special children's artwork registration plate
66-3-420.1. Motorcycle registration plates to benefit the children's trust fund;
66-3-424.3. Special pet care registration plates.
66-3-424.6. Special wildlife artwork registration plates
66-3-424.8. Special route 66 commemorative registration plate.
66-3-424.12. Special registration plates for search and rescue members.

66-3-424.14. Special registration plates; New Mexico high school rodeo association.
66-3-424.15. Special organ donation awareness registration plate.
66-3-424.19. Cumbres and Toltec scenic railroad special registration plate
66-3-424.22. Special breast cancer awareness registration plate.
66-3-424.25. Special commemorative scouting registration plate; procedures; fee.
66-3-424.26. Special Santa Fe four hundredth anniversary registration plate.
66-3-424.27. Special bass fishing registration plates; procedures; fee.
66-3-424.29. Special New Mexico state 4-H registration plate.
66-3-424.30. Special farm and ranch community registration plate.
66-3-424.31. Special blood donor recognition registration plate.
66-3-424.32. Special New Mexico Amigos registration plate.
66-3-424.33. Special autism awareness registration plate.
66-3-424.34. Special New Mexico junior college registration plate.
66-3-424.37. Special support of pollinator protection registration plate.
66-3-424.38. Childhood cancer

MVD provides at least 220 unique designs for special plates. This number does not include vanity plates, which are custom manufactured. A list of organizations entitled to a special plate is included below. It is uncertain if the special design element will be in the form of a decal, such as for the special veteran’s license plate of 66-3-419. Special registration plates; armed forces veterans or would require a complete redesign of each of the 220 plates to include the additional mobility limitation design element.

TRD/MVD notes, “Currently, an individual with a significant mobility limitation must choose between having a license plate designating that symbol or choosing a special plate design without the mobility limitation symbol. This legislation appears intended to allow an individual with a significant mobility limitation to have both a special plate and a mobility limitation symbol.”

There are four types of special plates: (1) elected state public officials, legislators, members of congress that are custom manufactured and carry no additional fee; (2) some plates carry additional fees – typically awareness or honor plates -- that impose a \$10 fee retained by the Division to defray the cost of manufacture but no other fee; (3) public service or similar plates that carry an additional fee, part of which is retained by the Division to defray manufacturing costs and part of which is distributed to the state road fund and local governments; and, (4) special worthy purposes plates that carry an additional \$35 or \$40 fee, \$10 of which is retained by the Division and the remainder distributed for a state agency purpose (Bass fishing plates, with \$15 distributed to the bass habitat management program of Game and Fish, Wildlife Art plate with \$15 distributed to the share with wildlife program or Farm and Ranch plates.) or a non-profit/charitable purpose, most of which are state agency programs. These include College plates, pet care, high school rodeo, Santa Fe 400<sup>th</sup>)

The worthy purposes portions of this bill are similar to the Armed Forces standardized plates authorized by 66-3-419 NMSA 1978. There are now 21 logos that can be affixed to these Armed Forces standardized plate and these plates are quite popular. Many, if not all, of these plates are issued at no cost above the registration fee. These armed forces veteran logos, however, are relatively small and currently cost \$2.75 each. A significant difference with the provisions of this bill is that MVD expects that a technically adequate logo decal in the required 4 1/8 by 3/1/8 inch size could cost in the range of \$10 to \$15 per unit, which would exceed the \$10 fee proposed by

this bill. However, the substitute bill allows TRD to charge a fee that would cover the costs of manufacturer and mailing. New worthy purposes plates would have to be enacted by statute. The provisions of this bill are quite similar to those of Section 66-3-424 NMSA 1978 (Standardized special registration plates with logos), which carry an additional fee sufficient to cover MVD's costs.

TRD/MVD explains some of the issues involved in implementing the provisions of this bill. These can be considered Technical Issues:

The bill calls for the use of decals for the implementation of new plate designs for worthy causes as introduced by future legislation. The use of decals presents specific technical issues that may be cost prohibitive or present other challenges.

First, as decals can be produced digitally, creating a design space on a license plate that uses decals may create a situation where any member of the public could create and add an unauthorized decal to their license plate.

Decals cannot be attached during the manufacturing process and must be applied by hand. Decals that meet the necessary environmental stress requirements are expensive to produce, and the current license plate vendor has only agreed to produce our existing decals for veteran plates because they already provide other services and products to the Taxation and Revenue Department (TRD) (no other bids for this process were received). These veteran plate decals must be ordered in quantities of no less than 1,000 per order, at a cost of \$2.75 per decal, and are a simple font label, with no other design elements. The size specified in the bill is significantly larger than the decals already in use. Costs for a larger, more elaborate decal that includes other design elements could easily rise into the \$15 to \$20 range as they must be non-fading, sunfast, permanent, and UV resistant.



The bill requires the decal size to be 4 and 1/8 inches in height and 3 and 1/8 inches in width. Below is an example of how it would look on the current license plate as illustrated as a white square:

The size of the decal creates several issues. The amount of space required impacts the ability to include 5 alphanumeric characters. All special plates have an alpha sequence at the beginning or end so that law enforcement or the general public can differentiate the plate types. Without room for the full 5 characters, including either a leading or ending Alpha character, the plate sequence will not be unique, which will lead to either plate number duplication or scarcity of availability for each plate type.

Given the challenges and costs related to utilizing decals, New Mexico MVD suggests amending the bill to utilize a digital image that can be added to the plate at the point of manufacture. Due to the limited available space on license plates, MVD also suggests amending the bill to make the space for a new design element smaller.

## ADMINISTRATIVE IMPACTS

TRD explains some of the administrative impacts implementing the special design element for mobility limitation:

New Mexico has about 40 special plates that would need an additional mobility limitation design to be created for each in order to accommodate the new design element proposed in this legislation. This can be done at a cost of \$250 per design for a total of \$10 thousand.

Implementation of this bill will impact on TRD's Information and Technology Division (ITD). The estimated time to develop, test and implement the changes is approximately 1,280 hours or 8 months for an estimated \$66.1 thousand of staff workloads cost.

MVD systems currently issue Yellow and Centennial Placard plates (motor vehicle & motorcycle) with a design element that denotes significant mobility limitation. Implementation of this bill will allow issuing any of the existing special registration plate with mobility impaired symbol if requested by a person who has a significant mobility limitation. This will have a major impact to IT systems to implement the functionality for all 100 plus special registration plate types. New plate types will need to be created, with a mobility limitation symbol for each special registration, inventory, registration process, fees, and distributions. Online (Web/IVR/Kiosk) systems will have to be modified to have the ability to process these changes for all plate types and assess correct fees. MVD will need to work with its license plate vendor on designs for each plate type to have the new design element imprinted on the plate when requested. 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.

TRD further explains administrative impacts implementing the standardized designs for worthy purposes:

Design costs for each new design element would be a one-time fee of approximately \$250. Assuming there are no changes to the current plate designs, license plates utilizing these design elements would cost \$1.85 each. MVD would process requests for these plate types via direct distribution and would therefore incur a cost of \$2.25 for mailing. Including the lowest estimate of \$15 per decal, the total cost to MVD for each of these plates would be \$19.10 plus staff time to affix the decals to the plate. If these plates instead utilized a digital image, there would be a \$5.50 per plate fee and a \$2.25 mailing fee, bringing the total cost to MVD for those plates to \$7.75.

Implementation of this bill will impact TRD's IT Division. The estimated time to develop, test and implement the changes is approximately 960 hours or 6 months and approximately \$183 thousand (\$133 thousand contractual resources and staff workload costs of \$50 thousand).

This bill requires application and configuration changes to MVD's Tapestry system to add new plates, inventory, registration processes for special registration decals, with new fees and new distributions. New fields for specifying distinct special registration decals in title, registration, renewal, and plate replacement processes will need to be added. System changes will also be required for the registration letter template to accept a decal type with a plate type.

Online (Web/IVR/Kiosk) systems will have to be modified to have the ability to process these changes for all plate types and assess correct fees. MVD and Financial Distributions Bureau 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.

Considering the effort to work with the plate vendor, the effective due date of 7/1/21 will not be feasible. A more feasible effective date would be 7/1/22.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Similar bills HB306, SB269, and SB596 were introduced during the 2019 Regular Session. Refer to the following section for a discussion of conflicts with Section 66-3-424 NMSA 1978.

## **TECHNICAL ISSUES**

In many ways, this bill could be considered as an amendment to a 2003 law that established standardized special registration plates with logos. The novel approach in this bill is that the worthy purpose plate would be standardized, and the differentiation be noted with a large decal. However, pursuant to 66-3-424 NMSA 1978, each special plate is manufactured with the distinguishing logo and a text designation at the beginning or end of the five alphanumeric characters. This may be an effort to reduce TRD costs through standardization, but as TRD notes above, technically acceptable decals are more expensive than designing and manufacturing plates with standardized elements but digital designs that can be implemented in the manufacturing process.

Note that the provisions of this bill allow for additional fees to be collected by MVD and transferred, generally, to a state agency to help support the worthy public purpose. Similar to Section 66-3-424 NMSA 1978, this bill allows (Section 2 B) the division to collect a fee that is, at minimum \$10, but will cover the costs to manufacture the special plate and allows the division to rule on these costs and other features of the concept. It is unknown why a new section of the Motor Vehicle Code is needed when the differences between 66-43-424 NMSA 1978 and this bill are minimal and only involve the requirement that the standardized special plate be created with a technologically inferior methodology. In fact, 66-3-424 NMSA 1978 allows MVD the option of choosing the more technically and cost-effective method of producing the plate.

### **66-3-424. Standardized special registration plates with logos.**

A. Standardized special registration plates with logos may be authorized by statute to show state support for worthy public purposes. The authorizing statute shall provide for collection of fees that, at a minimum, will cover the costs to the division of development, manufacture and issuance of the special registration plates and logos.

B. Standardized special registration plates, on the standardized areas, shall:

- (1) display the colors of the state flag, red lettering on a yellow background;
- (2) display the phrases "New Mexico USA" and "Land of Enchantment";
- (3) provide a space for applying the special registration logo, centered at the left edge of the plate, between the attachment holes, beginning one-fourth inch in from the edge of the plate and having the following dimensions: four and one-eighth inches in height and three and one-eighth inches in width; and
- (4) provide a vehicle registration number, to be assigned by the division, that consists of five alphanumeric characters displayed to the right of the special logo area.

C. Special registration logos, except for the standard dimension specified in Paragraph (3) of Subsection B of this section, shall be left to the design discretion of the division, in consultation with the public purpose interest group that requests the special registration plate.

D. Standardized special registration plates with logos, when authorized by statute for a particular public purpose interest group, shall meet the requirements specified in this subsection prior to plate issuance by the division. The public purpose interest group, no later than the effective date of the authorizing statute:

(1) shall provide evidence acceptable to the division that it will generate a minimum number of prepaid applications as determined by the division for the special registration plate with logo;

(2) shall provide a prepayment to the division in an amount sufficient to cover the plate and logo cost of the initial order;

(3) shall provide a sample of the requested artwork design in a format specified by the plate manufacturer for the specialized logo; and

(4) in cases where the authorizing statute includes revenue-sharing with distribution directed to a particular group or fund, shall show that the recipient is a governmental entity or a fund authorized for the use of a governmental entity.

E. The division may promulgate rules for implementation of the provisions of this section.

## SUGGESTED AMENDMENTS

TRD suggests that the bill be amended to allow a digital image which can be utilized in the manufacturing process and not as a manually affixed to the standardized plate after manufacture.

Secondly, reduce the prescribed dimension of the design element so that the plate can have five spaces for alphanumeric characters, which will avoid duplicating registration numbers that could be the same for various causes.

Consider changing the effective date to 7/1/22.

## TECHNICAL ISSUES

TRD/MVD has serious concerns both about the interstate consequences of this proposal and the technical/design feasibility:

This bill requires that a standard mobility limitation design element be created and available to be applied to every special plate for those who qualify for both the special plate selected and the mobility limitation designation. If the design element is different from the existing standard design element depicting an individual in a wheelchair, New Mexico citizens with plates that have the proposed new design element will face citations from law enforcement in other states, because the existing design element is currently utilized in all states as a standardized symbol. Additionally, the proposed standardized design element is prohibitive in that it needs to be large enough to be clearly visible, and therefore takes more space on a license plate than many of our current special plate designs will allow for. This conflict creates a situation where it is not feasible to add an additional design element of this type to certain special plates. For example, the Children's Trust Fund and Fish New Mexico license plate designs would not be able to accommodate another design element that would be large enough for law enforcement to recognize.

In the original bill, MVD suggested amending the legislation to add the following language: "and the special registration plate selected by the requester has been determined by the division to be able to accommodate an additional design element." This phrase has been included in the SF1 substitute. This inclusion aligns the legislative intent of providing

more options on plate types for qualified individuals while acknowledging the practical matter of adding design elements to plates that cannot accommodate them. Individuals who may be disappointed by these limitations are still able to purchase a special plate type of their choice while also utilizing the placards that they are required to hang from their rearview mirror when parking in a specially designated parking space.

LFC staff note that the armed forces veteran’s plate now accommodates 21 different decals denoting various armed forces units, conflicts or honors. These decals are then affixed in a common place on a generic plate.

**OTHER SUBSTANTIVE ISSUES**

A list follows of unique special plates with an estimate of the number of unique plates available.

Approx # of unique designs	Category
5	66-3-405 Special plates for members of congress.
	66-3-406. Special registration plates for private vehicles.
	A. Upon compliance with all laws relating to registration and licensing of motor vehicles and upon application to the division, special registration plates shall be furnished for vehicles owned by:
6	(1) elected state officials;
≈120	(2) members of the legislature;
2	(3) the chief clerks of the house of representatives and of the senate;
2	(4) the sergeants at arms of the house of representatives and of the senate; and
1	(5) disabled persons, pursuant to Section <a href="#">66-3-16</a> NMSA 1978.
	66-3-407. Special plates for private vehicles used in public service.
Unkn	A. Upon compliance with all laws relating to registration and licensing of motor vehicles, and upon application to the division, and the payment of necessary fees, special registration plates shall be furnished for motor vehicles owned by members of an organized group, committed under its charter or bylaws to perform such services as are reasonably related to the public safety or welfare.
	B. Special license plates furnished under this section shall identify the members as belonging to the particular unit and shall be of such design and cost such additional fee of not less than fifteen dollars (\$15.00) as the division, in its discretion, may provide.
	66-3-407.1. Special registration plates.
	66-3-408. Special registration plates for recreational vehicles.
6	All recreational vehicles registered in New Mexico shall carry a special registration plate, including any armed forces veteran plate, disabled veteran plate, purple heart plate, medal of honor plate, ex-prisoner
1	66-3-409. Special registration plates; medal of honor recipients.
1	66-3-411. Special registration plates; prisoners of war and surviving spouses.
1	66-3-412. Special registration plates; fifty percent or more disabled veterans.
1	66-3-412.1. Special motorcycle registration plates for armed forces veterans.
1	66-3-413. Special registration plates; national guard members.
1	66-3-414. Special registration plates for purple heart veterans.
1	66-3-415. Special registration plates; Pearl Harbor survivors.



≈5	66-3-416. Special collegiate registration plate
1	66-3-417. Radio station licensees; special registration plates
≈21	66-3-419. Special registration plates; armed forces veterans.
1	66-3-420. Special children's artwork registration plate
1	66-3-420.1. Motorcycle registration plates to benefit the children's trust fund; procedures.
1	66-3-421. Special registration plates; New Mexico rangers and New Mexico mounted patrol
1	66-3-422. Special registration plates; firefighters and volunteer firefighters.
25	66-3-423. Year-of-manufacture license plates; procedures; fees.
Unkn	66-3-424. Standardized special registration plates with logos.
1	66-3-424.1. Special registration plates for retired New Mexico letter carriers.
1	66-3-424.3. Special pet care registration plates.
1	66-3-424.4. Standardized special registration plates; retired members of the New Mexico national guard.
1	66-3-424.5. Special registration plates; New Mexico members of the fraternal order of police.
1	66-3-424.6. Special wildlife artwork registration plates
1	66-3-424.7. Registration plates; members of the civil air patrol, New Mexico wing.
1	66-3-424.8. Special route 66 commemorative registration plate.
1	66-3-424.9. Standardized special registration plates; retired firefighters.
1	66-3-424.10. Special registration plates for armed forces retirees.
1	66-3-424.11. Special registration plates for active-duty uniform service members.
1	66-3-424.12. Special registration plates for search and rescue members.
1	66-3-424.13. Standardized special registration plates; retired New Mexico state police officers.
1	66-3-424.14. Special registration plates; New Mexico high school rodeo association.
1	66-3-424.15. Special organ donation awareness registration plate; procedures; fee.
1	66-3-424.16. Special registration plates; emergency medical technicians.
1	66-3-424.17. Special patriot registration plate.
1	66-3-424.18. Special registration plates for adoption awareness.
1	66-3-424.19. Cumbres and Toltec scenic railroad special registration plate; procedures; fee.
1	66-3-424.20. Special registration plates for women armed forces veterans.
1	66-3-424.21. Special motorcycle registration plates for women armed forces veterans.
1	66-3-424.22. Special breast cancer awareness registration plate.
1	66-3-424.23. Special city of Las Cruces registration plate; procedures; fee; appropriation.
1	66-3-424.24. Registration plates; gold star families; submission of proof; penalty.
1	66-3-424.25. Special commemorative scouting registration plate; procedures; fee.
1	66-3-424.26. Special Santa Fe four hundredth anniversary registration plate.
1	66-3-424.27. Special bass fishing registration plates; procedures; fee.
1	66-3-424.28. Standardized special registration plates; retired New Mexico law enforcement officers.
1	66-3-424.29. Special New Mexico state 4-H registration plate.
1	66-3-424.30. Special farm and ranch community registration plate.
1	66-3-424.31. Special blood donor recognition registration plate.

1	66-3-424.32. Special New Mexico Amigos registration plate.
1	66-3-424.33. Special autism awareness registration plate.
1	66-3-424.34. Special New Mexico junior college registration plate.
1	66-3-424.35. Honoring fallen officers special registration plate.
1	66-3-424.36. Off-highway motor vehicle paved road use vehicle plate.
1	66-3-424.37. Special support of pollinator protection registration plate.
1	66-3-424.38. Childhood cancer

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