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FISCAL IMPACT REPORT

SPONSOR <u>Ortez/Castellano</u>	LAST UPDATED <u>2/20/23</u>
	ORIGINAL DATE <u>2/8/23</u>
SHORT TITLE <u>Acequia and Community Ditch License Plates</u>	BILL NUMBER <u>House Bill 240/aHTPWC</u>
	ANALYST <u>Torres, J</u>

REVENUE* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
No fiscal impact	Up to \$1.2		Recurring-for as long as the plate is issued	MVD Suspense Fund
	Up to \$1.8		For initial fee, not including renewal fees	Acequia and Community Ditch Fund

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$26.6		\$26.6	Nonrecurring	MVD Suspense Fund-Staff Workload Cost
		\$0.8		\$0.8		
Total		\$27.4		\$27.4		

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent version of this legislation.

Sources of Information

LFC Files

Responses Received From
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HTPWC Amendments to House Bill 240

The Transportation, Public Works and Capital Improvements Committee amendments to House Bill 240 amends the title to add: “Allowing for Cessation of Special License Plate Issuance Under Certain Conditions,” amends Section 1(C)(1) is to state: “twelve dollars” rather than the prior: “ten dollars,” amends Section 1(C)(2) is to state: “eighteen dollars” rather than the prior: “twenty dollars,” and adds Subsection (D) to state:

Beginning on July 1, 2027, and on July 1 of each subsequent year, the department shall compare the number of special acequia and community ditch associations registration

plates issued and renewed in the previous fiscal year with the average number of such plates issued and renewed in fiscal years 2025 and 2026. If the department determines that the number of special acequia and community ditch associations registration plates issued and renewed in the previous fiscal year is less than fifty percent of the average number of the plates issued and renewed in fiscal year 2025 or 2026, the department may stop issuing special acequia and community ditch associations registration plates.

The amendments include TRD’s recommendation that MVD receive \$12.00 per plate and that the acequia and community ditch associations receive \$18.00 per plate. The FIR revenue table has therefore been modified to reflect this amendment

Synopsis of Original House Bill 240

House Bill 240 provides for a new special license plate design supporting acequia and community ditch associations. This plate will have an initial and renewal fee of \$30 in addition to other motor vehicle registration fees. The Motor Vehicle Division (MVD) will retain \$10 of the initial fee to defray the cost of manufacturing and issuing the plate. The remaining \$20 of the initial fee, and the full renewal fee, will be appropriated to the acequia and community ditch fund.

The effective date of this bill is January 1, 2024.

FISCAL IMPLICATIONS

Amounts reflected in the revenue table account for only an initial batch of 100 specialty plates.

TRD states:

Creation of the new specialty plate must be in accordance with existing state statute 66-3-424; Standardized Special Registration Plates with Logos. The particular section of 66-3-424 that will need to be addressed is D. (2): ‘Shall provide a prepayment to the division in an amount sufficient to cover the plate and logo costs of the initial order. Typically, the initial fee is \$800; \$250 for design/artwork costs while \$550 is charged for each plate in the initial batch of 100.’

Total cost of manufacturing and distributing license plates has increased significantly because of increases in material costs, specifically aluminum costs and shipping costs. MVD requests the plate fee to be increased from \$10.00 to \$12.00 to allow for these increased costs.

Implementation of this bill will have a moderate impact on the Information Technology Division of TRD. The estimated time to develop, test and implement the changes is approximately 480 hours or 12 weeks for an estimated \$26,600 of staff workload costs. This bill requires changes in the vehicle special plate fee process, registration fee calculation and distribution for MVD, Acequia and Community Ditch Funds.

SIGNIFICANT ISSUES

TRD states:

To prevent proliferation of special plates that are not in high demand, MVD recommends that language allowing for the discontinuation of the specialty plate similar to the following should be included in the bill: ‘Beginning on July 1, 2026, and on July 1 of each subsequent year, the department shall compare the number of Acequia and Community Ditch special registration plates issued or registration renewals for those plates in the previous fiscal year with the average of the number of such plates issued in fiscal years 2024 and 2025. By September 1 of a fiscal year in which the department determines that the number of Acequia and Community Ditch special registration plates issued or registration renewals for those plates in the previous fiscal year is less than fifty percent of the average number of such plates issued in fiscal years 2024 and 2025, the department shall stop issuing Acequia and Community Ditch special registration plates.’

This bill acknowledges New Mexico’s statewide reliance upon acequia and community ditch associations. Increasing the plate fee provides an increased revenue option. Adding the proposed TRD/MVD language provides a money-saving sunset option if MVD determines that 2024/2025 plates were less than 50 percent of those issued in prior years.

JT/ne/al