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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Mason/Pettigrew/Lord/Martinez/ Townsend</u>	<b>LAST UPDATED</b> <u>3/1/2023</u> <b>ORIGINAL DATE</b> <u>2/15/2023</u> <b>BILL NUMBER</b> <u>House Bill 360/aHTPWC/aH AFC</u>
<b>SHORT TITLE</b> <u>National FFA License Plate Support</u>	<b>ANALYST</b> <u>Hanika-Ortiz</u>

### REVENUE\* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
No fiscal impact	Indeterminate, but minimal	Indeterminate, but minimal	Recurring	NMSU

Parentheses ( ) indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

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

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
TRD	No fiscal impact	\$26.6	Indeterminate but minimal	\$26.6	Recurring	MVD operating

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)

## SUMMARY

### Synopsis of H AFC Amendment to House Bill 360

The House Appropriations and Finance Committee Amendment to House Bill 360 increases the portion of the initial fee to MVD by \$2.00 to defray the cost of making and issuing the plate, and decreases the portion of the initial fee to NMSU for FFA programs by that same amount.

## TECHNICAL ISSUES

MVD said a more feasible effective date would be January 1, 2024, as opposed to July 1, 2023, because the process of creating the artwork as well as the approval processes can be lengthy.

### Synopsis of HTPWC Amendment to House Bill 360

The House Transportation, Public Works and Capital Improvements Committee amendment emphasizes in the title the bill allows for the cessation of special license plates by MVD.

### **Synopsis of Original House Bill 360**

House Bill 360 (HB360) adds a new section to the Motor Vehicle Code to create a special registration plate to show support for the Future Farmers of America (FFA) organization.

The effective date of this bill is July 1, 2023.

### **FISCAL IMPLICATIONS**

MVD says the creation of the new specialty plate would be done in accordance with Section 66-3-424(D)(2) NMSA 1978, which requires prepayment to the division in an amount sufficient to cover the plate and logo costs of the initial order. The initial fee to purchase plates is \$800: \$250 for design and artwork costs and \$5.50 for each plate in the initial batch of 100 plates.

Revenue from the ~~\$10~~ \$12 fee established by this bill would go to the motor vehicle suspense fund at TRD for the manufacture and issuance of the initial plate to the applicant.

The initial fee for the plate will be \$35 with ~~\$25~~ \$23 distributed and appropriated to the New Mexico State University (NMSU) board of regents for the New Mexico Department of Agriculture to fund statewide programs for active national FFA chapters. Ten dollars of the initial fee will go to the Motor Vehicle Division (MVD) to manufacture and issue the plate.

### **SIGNIFICANT ISSUES**

It is unknown how many of these specialty FFA organization license plates will be requested.

The bill includes a provision that was requested by TRD that, beginning on July 1, 2026, and on July 1 of each year thereafter, TRD shall compare the number of FFA registration plates issued or renewed in the previous fiscal year with the average of the number of such plates issued in FY24 and FY25. By September 1 of a fiscal year in which TRD determines the number of FFA registration plates issued or renewed in the previous fiscal year is less than 50 percent of the average number of such plates issued in FY24 and FY25, TRD will stop issuing the FFA plates.

MVD reports the cost of manufacturing and distributing license plates has increased significantly because of increases in material costs, specifically aluminum costs and shipping costs. MVD requested that the plate fee be increased from \$10 to \$12 to allow for these increased costs.

### **ADMINISTRATIVE IMPLICATIONS**

Implementation of this bill will have a moderate impact on MVD. The estimated time to develop, test, and implement the changes is about 480 hours, or 12 weeks, for an estimated \$26.6 thousand of staff workload cost. This bill requires changes in the vehicle special plate fee process, registration fee calculation, and distribution for MVD and New Mexico Department of Agriculture.