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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/09 164/aHJC/aSJC/
LAST UPDATED 03/20/09 **HB** aSFI#1
SPONSOR Berry
SHORT TITLE Deceased Service Member License Plates **SB**
ANALYST Lucero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
0	(\$33.0)*	(\$33.0)*	Recurring	Various

(Parenthesis () Indicate Revenue Decreases)
 (*Impact is based on an estimate of 5,000 plates)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Minimal	Minimal	Minimal	Recurring	General Fund
Plate Production	\$0.0	\$4.8	\$4.8	\$9.6	Nonrecurring	MVD Operating ⁽¹⁾
IT Impact	\$12.2	\$0.0	\$0.0	\$12.2	Nonrecurring	TRD-IT Operating

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
 New Mexico Department of Transportation (NMDOT)

SUMMARY

Synopsis of SFI#1 Amendment

Senate Floor Amendment #1 to House Bill 164, as amended, adds a new subsection to exempt fees, including regular registration fees, from being collected for the issuance of the first special plate for the mother or spouse of a service member killed in an armed conflict. In addition the amendment provides that only the regular registration fee shall be collected for the issuance of three additional special registration plates issued to family members.

Synopsis of SJC Amendment

Senate Judiciary Committee (SJC) amendment to House Bill 164, as amended, deletes the section of the bill that exempts fees from being charged for the special “gold star families” plates.

Synopsis of HJC Amendment

House Judiciary Committee amendment to House Bill 164 clarifies the number of special registration plates available to the family of a service member killed in an armed conflict is limited to no more than four vehicles, one each for the surviving mother, father, stepparent or spouse.

Synopsis of Original Bill

This bill provides for special registration plates for the surviving mother, father, stepparent or spouse of a service member killed in an armed conflict with an enemy of the United States. No fee, including the regular registration fee, will be charged for issuance of these plates. This plate shall be known as the "gold star families" special registration plate.

The bill directs the Motor Vehicle Division with the advice and consultation of gold star mothers shall determine the color and design of the special plate.

Any person who falsely claims to qualify for a gold star family plate shall be guilty of a misdemeanor.

FISCAL IMPLICATIONS

The SFl #1 amendment reduces the estimated revenue impact by exempting fees only on the first plate issued to a mother or a spouse; thereafter, only regular registration fees apply to the next three plates issued. The revenue estimate is based on 5,000 plates being issued, and relates to the nearly 5,000 death benefits paid to dependents in 2008. It should be noted that not all eligible dependents are receiving benefits.

The SFC amendment resolves the estimated revenue impact identified below by TRD. The non-recurring costs to design, produce, and implement the special plate remains. There may also be a recurring cost associated with prosecuting those who violate provisions of the bill.

The Department of Veterans Services Benefits Division reported in 2008 that death benefits were being received by 4,732 dependents, but that many other dependents are not receiving benefits. Presumably parents of those killed in action may represent additional persons eligible for the special plate.

For purposes of illustration, the Taxation and Revenue Department (TRD) estimates the fiscal impact of 5,000 special plates is presented below; however, the actual number could be higher.

Estimated Revenue Impact (Thousands of dollars)*						R or NR**	Fund(s) Affected
FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 09-13		
0	(24.5)	(24.5)	(24.5)	(24.5)	(98.0)	R	State Road Fund
0	(.7)	(.7)	(.7)	(.7)	(2.8)	R	Local Governments
0	(.9)	(.9)	(.9)	(.9)	(3.6)	R	Recycling and Illegal Dumping Fund
0	(.3)	(.3)	(.3)	(.3)	(1.2)	R	Litter Control and Beautification Fund
0	(6.6)	(6.6)	(6.6)	(6.6)	(26.4)	R	Motor Vehicle Division
0	(33.0)	(33.0)	(33.0)	(33.0)	(132.0)	R	Total Fees

The fiscal impact includes revenue loss associated with:

Average. Special Plate Fee	\$10.00
Administrative Fee	2.00
Average Vehicle Weight Registration Fee (per year for first 5 yrs)	39.00
Registration Fee	2.00
Tire Recycling Fee	1.50
Beautification Fee	.50
	<u>\$55.00 / per qualified survivor</u>

\$55 x 600 Estimated Qualified Survivors of Service Members/fiscal year = \$33,000

Distribution, as follows:

- (600 eligible x \$10 plate fee = \$6.0 MVD Fees
- 600 eligible x \$1.50 tire recycling fee = \$0.9 Tire Recycling Fund
- 600 eligible x \$0.50 = \$0.3 Beautification Fee
- 600 eligible x \$39 average registration = \$23.4 State Road Fund
- 600 eligible x \$2 Registration fee = \$1.2 registration fees with distribution, as follows:
 - \$1.2 x 74.65% = \$0.9 State Road Fund
 - \$1.2 x 25.35% = \$0.3 Local Government
- 600 eligible x \$2 admin fee = \$1.2 Admin Fee with distribution, as follows (assume one-half of total transactions are performed by Muni/County FO):s
 - 600/2 = 300 Muni/County transactions
 - 300 Muni/County transactions x \$0.50 = \$0.2 MVD Fees
 - 300 Muni/County transactions x \$1.50 = \$0.3 Local Government
 - 300 MVD FO & Partner transactions x \$1.25/transaction = \$0.4 MVD Fees
 - (300 MVD FO & Partner transactions x \$0.75/transaction) x 74.65% = \$0.2 State Road Fund
- (300 MVD FO & Partner transactions x \$0.75/transaction) x 25.35% = \$0.1 Local Gov.

SIGNIFICANT ISSUES

The SJC amendment resolves the technical issue identified in the original bill which did not include a limit on the number of vehicles a person could register with this special plate and have registration fees waived.

ADMINISTRATIVE IMPLICATIONS

According to TRD, the combined effect of lost operating revenue and increased production costs associated with the new plate amount to approximately \$41 thousand per year. Estimated time for computer system implementation is as follows:

- MVD 2.0 Vehicle System (60 hrs.)
- MVD Vehicle Registration Web Application (40 hrs.)
- MVD Nightly Batch (60 hrs.)
- Financial Distribution System (MVRO) (60 hrs.)
- MVD Website (4 hrs.)
- User Acceptance Testing (40 hrs.)

There will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes.

Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law and commenced prosecutions. New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB147

TECHNICAL ISSUES

This new special registration plate proposal is not drafted in accordance with the provisions of Section 66-3-424 NMSA 1978 Standardized Special Registration Plates with Logos (2003 Legislative Session).

The bill would apply to survivors of allied servicemen killed, and not only to U.S. servicemen. The bill does not define “armed conflict”.

The bill does not require that the spouse was married to the service member at the time the service member was killed.

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