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FISCAL IMPACT REPORT

ORIGINAL DATE 3/13/15

SPONSOR HTPWC LAST UPDATED _____ HB 561/HTPWCS

SHORT TITLE Police Readable and Heritage License Plates SB _____

ANALYST Malone

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
	\$3.7-\$15.0	\$3.7-\$15.0	Recurring (until all license plate have been produced—app. 4 years)	MVD Operating/DOT for route 66 plate
	(unknown)	(unknown)	Recurring	*

(Parenthesis () Indicate Revenue Decreases)

* The following funds are affected: MVD Operating/State Road, Fund/County and Municipal Road Funds/Various Special License Plate Recipients/Scenic Byways Program

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$47.5	\$47.5	\$95.0	Recurring (until all license plates have been produced— app. 4 years)	TRD-ITD Operating Budget

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From (on original bill)

Taxation and Revenue Department (TRD)

Department of Public Safety (DPS)

Department of Transportation (DOT)

Administrative Office of the Courts (AOC)

SUMMARY

Synopsis of Bill

House Bill 561 adds a new section of the Motor Vehicle Code requiring the issuance of a series of heritage license plates. The bill specifies 19 special license plate themes to be issued and allows for additional plates at the determination of the secretary of TRD. Each plate design must include the colors of the state flag, red lettering and a border stripe, a yellow background, the words “Land of Enchantment” (except for the route 66 heritage plate), the words “New Mexico”, “15” on the lower left, five letters, numbers, characters or spaces, and law enforcement machine-readable embedded characteristics. The bill specifies that at least five new heritage plates be issued each calendar year beginning in 2015 until all listed plates have been issued.

The special plate fee is \$15 in addition to the regular motor vehicle registration fee, or \$25 for a personalized heritage plate. Revenue generated from the Route 66 theme plate is appropriated to DOT for funding the revitalization and preservation of historic Route 66 in NM, and revenue generated from all other heritage plates is appropriated to TRD. The secretary is directed to consult with other states to determine the most cost-effective method to implement the new section.

FISCAL IMPLICATIONS

The new heritage plate designs appear to be available for a one-time application fee of \$15, and may be expected to partially displace demand for a number of other special plate designs that require additional *annual* fees. In other analysis of special plates, TRD has projected the sale of anywhere between 50 and 200 plates a year. With five new plates produced each year beginning in calendar year 2015 (FY16) until all 19 plates have been produced, this could create anywhere between \$3.7 thousand and \$15 thousand per set of five heritage plates introduced. After all the new plates are introduced, there will not be recurring revenue from the plates as there is with some other special plates.

Additionally, these annual increases will likely be partially offset by decreases in issuance of other special plates, although to what extent is unknown at this time. The standard vanity plate requires a \$15 *annual* fee, which is distributed to the State Road Fund and County and Municipal Road Funds. The Route 66 Plate requires a \$35 *annual* fee of which \$25 is distributed to the Scenic Byways Program for Route 66. The net impact of the introduction of the new plates is unknown at this time.

TRD estimates that each year that the new plates are issued, necessary changes to MVD 2.0, point of sale systems, mainframe updates, and testing will take about 190 hours per license plate, or 950 hours for 5 plates. At \$50 per hour, the cost of these changes would be \$47.5 thousand dollars. In the final year that plates are issued, if only the three remaining plates are issued, the cost could drop to \$28.5 thousand.

SIGNIFICANT ISSUES

The new Heritage Plate designs appear to be available for a one-time application fee of \$15.

ADMINISTRATIVE IMPLICATIONS

MVD will have substantial administrative duties associated with implementing the requirement for law enforcement-readable embedded characteristics in license plates. The department will have minimal duties to implement the heritage plates component of the bill.

TECHNICAL ISSUES

Production of New Mexico's vehicle registration plates is based on a competitive-bid request for proposal (RFP) process that includes multiple factors that, as an underlying principle, seek the best value for the state and its vehicle owners. This bill's requirement that the secretary of TRD consult with other states to determine the most inexpensive method of implementing the new heritage series of plates could, for this series of plates, rule out the state's current use (determined based on plate longevity and security among other considerations) of high-quality metal plates with raised letters and numbers.

OTHER SUBSTANTIVE ISSUES

The new Heritage license plate designs would include: New Mexico Agriculture; New Mexico Arts; The Space Age; The Atomic Age; Aviation; Carlsbad Caverns; Cattlemen; The Duke of Albuquerque; The Film Industry; The Horned Lizard; Las Cruces; Merriam's Wild Turkey; Miners; Oilmen; Railroaders; The Roadrunner; Route 66; The Yucca; The Zia Symbol; others as MVD may determine.

ALTERNATIVES

Make the fees for the heritage plates annual fees, as they are for other special plates, to avoid revenue decreases in out-years.

CEM/aml/je/bb