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## FISCAL IMPACT REPORT

SPONSOR: Taylor, J.G.                      DATE TYPED: 03/12/03    HB 635/aHTC

SHORT TITLE: License Plates for NM FOP Members                      SB \_\_\_\_\_

ANALYST: Hayes

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$0.1	\$0.1	Recurring	Motor Vehicle Division, General Fund:
	\$0.1	\$0.1	Recurring	State Road Fund:
	\$0.1	\$0.1	Recurring	*Local Govts:

(Parenthesis ( ) Indicate Revenue Decreases)

\*Local Government funds include distributions to various county general funds and roads funds, municipal road uses, and county and municipal general funds.

Relates to various specialty license plates proposed by the House and Senate.

### SOURCES OF INFORMATION

Other LFC license plate analyses

### SUMMARY

#### Synopsis of HTC Amendments

The House Transportation Committee amendments to HB 635 involve changing the request for developing a special license plate for the New Mexico Fraternal Order of Police to providing for a standardized special registration plate with a logo for members of the FOP. All references in the bill to the manufacture of a special license plate for the FOP are changed by amendment to read as “a standardized” plate or “a plate with a logo.”

During the 2003 session, approximately 20 license plate bills have been introduced, all requesting MVD to produce a specialty plate for their group or organization. While all such requests are worthy of consideration, the Motor Vehicle Division has neither the staff nor the funding to manufacture all of these specialty license plates. Recognizing this problem, the House Transportation Committee inserts a new section of the Motor Vehicle Code, Section 66-3-424 NMSA

1978, [NEW MATERIAL] **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 dimension: 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 of a fund authorized for the use of a governmental entity.*
- E. *The division may promulgate rules for implementation of the provisions of this section.*

In summary, one standard license plate will be designed pursuant to subsection B above, which will have a 3 x 4 inch rectangular space in the middle onto which a specialized logo can be placed. The group wanting the specialty logo must prepay and guarantee a minimum order. The result will be that more specialty logos can be ordered and produced without adversely affecting MVD's budget.

Lastly, amendment #10 addresses the effective date of the bill. It now reads:

*Section 3. **EFFECTIVE DATE.**—Except for Section 1 of this act, the effective date of the provisions of this act is January 1, 2004. The effective date of the provisions of Section 1 of this act is July 1, 2003.*

#### Synopsis of Original Bill

House Bill 635 adds a new section to the Motor Vehicle Code to direct TRD to issue a special design license plate for members of NM fraternal order of police. The special license plate would be issued for a one-time fee of \$25 in addition to the regular motor vehicle registration fees.

The TRD secretary will approve the final plate design for the NM fraternal order of police in accordance with New Mexico law.

The effective date of the provisions of this legislation is July 1, 2003.

#### Significant Issues

1. Section A of the bill requires the person wanting the special license plate must submit proof to TRD that he is a member of the fraternal order of police. Such proof shall be determined by the TRD secretary.
2. According to Section B, a person who misrepresents himself as a retired state police officer is guilty of a petty misdemeanor and shall be sentenced pursuant to Section 31-19-1 NMSA 1978.
3. Of the \$25 fee, \$10 is to be appropriated and retained by the Motor Vehicle Division (MVD) to cover the costs of manufacturing and issuing the license plates. The remaining \$15 would be deposited with the State Treasurer for credit to the Motor Vehicle Suspense Fund for distribution in accordance with Section 66-6-23 NMSA 1978 (see Revenue table on page 1). The \$25 fee is in addition to the annual motor vehicle registration fee.
4. According to Section H, when a person holding a special plate ceases to be a NM member of the fraternal order of police, he/she must return the license plate to TRD/MVD, at which time it will be exchanged for a regular license plate.

#### **FISCAL IMPLICATIONS**

The portion of the fee that MVD receives (\$10) would cover the cost of the license plate in the out years, but the initial costs for production would need to be absorbed by the division.

No information was provided to LFC by the Taxation and Revenue Department or the Department of Public Safety regarding the number of FOP members in New Mexico. The fiscal impact during the first year would probably involve the sale of fewer than 500 plates. Given that assumption, sales of the license plate would provide approximately \$5,000 in revenue to the Motor

Vehicle Division, which probably would not cover the actual cost of production.

After the first year, the recurring demand and revenue generated from these license plates would probably involve fewer than 100 plates per year (less than \$1,000).

It is unclear whether demand would outweigh the costs of manufacturing the fraternal order of police license plates.

## **RELATIONSHIP**

Other special “prestige” license plates have been proposed during the 2003 session:

- HB 75, Armed Forces Retirees Special License
- HB 201, Special Plates for Retired Firefighters (duplicate of SB 496)
- HB 378, Special Plates for Retired NM Letter Carriers
- HB 379, Special Plates for Letter Carriers
- HB 520, Special Plates for National Guard Members
- HB 566, Special Plates for Supporting Spayed Pets
- HB 602, Special Plates for Retired NM National Guard (duplicate of SB 622)
- HB 635, Special Plates for NM Fraternal Order of Police
- HB 656, Special Plates for Wildlife Artwork
- HB 704, Special Plates for Civil Air Patrol, New Mexico Wing
- SB 197, License Plate for Active Duty Servicemen
- SB 210, License Plates for Retired State Police
- SB 211, License Plates for NM Mail Carriers
- SB 493, Special Plates for NM HS Rodeo Association
- SB 496, Special Plates for Retired Firefighters (duplicate of HB 201)
- SB 549, Special Plates for Search and Rescue Members
- SB 622, Special Plates for Retired NM National Guard (duplicate of HB 602)

**CMH/yr**