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FISCAL IMPACT REPORT

SPONSOR Rodriguez DATE TYPED 2-12-04 HB _____

SHORT TITLE License Plate Display Requirements SB 335

ANALYST Reynolds-Forte

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			Substantial	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	\$2,800.0	\$1,000.0	Non-Recurring	Motor Vehicle Division-\$2 per plate fee

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department

Department of Public Safety

SUMMARY

Synopsis of Bill

Senate Bill 335 bill would add a new section to the Motor Vehicle Code requiring all vehicles, other than road tractors, and truck tractors to display motor vehicle registration plates on the front and rear of vehicles. Vehicles registered on or after July 1, 2004 must display front and rear

plates. The new front license plates must be mounted not more than 60 inches from the ground; rear plates would continue to be mounted at a height of not less than twelve inches from the ground. The Motor Vehicle Division is to charge \$2 in addition to regular motor vehicle registration fees when two plates are issued for a vehicle. The additional \$2 fees are to be retained by the Motor Vehicle Division to pay for manufacturing and related costs associated with the new plates.

Senate Bill 335 does not contain an effective date.

FISCAL IMPLICATIONS

The Taxation and Revenue Department assumed that Motor Vehicle Division would issue only one new plate per customer, rather than two because the new \$2 fee would only cover cost for one plate. Approximately 1,900,000 New Mexico registered vehicles currently operate on New Mexico roads. If the assumption is made that the Motor Vehicle Division issues 1,400,000 new plates in FY 2005, and 500,000 in FY 06 then the Motor Vehicle Division would receive an additional \$2.8 million in FY 05 and \$1.0 million in FY 06.

This large revenue would be non-recurring. After all customers have received the two plates, they will pay normal fees for stickers to go on the rear plate. If a person wants to replace one or both plates they will be charged normal price which is \$10 per regular replacement plate.

ADMINISTRATIVE IMPACT:

The Motor Vehicle Division believes they would probably be unable implement the proposed measure in a timely manner because it provides no initial appropriation for costs associated with new plates. MVD typically pays between \$1.10 and \$1.27 for regular plates. Since the proposal provides sufficient fees to cover the cost of only one plate per registrant, the measure would require the Motor Transportation Department to somehow purchase plates with numbers identical to numbers on existing plates, then provide vehicle owners with duplicates of their current plates as registrations become due. This procedure would be difficult to implement, because Motor Vehicle Division employees would be unable to anticipate which particular registrants would appear at any specific field office to renew their registrations.

Ordering plates with specific numbers on a rather rigid schedule is also likely to be time consuming, difficult and expensive. It may be possible to partially address this issue by issuing all plates from some specific location, but if the decision to follow this course of action is made, Motor Vehicle Division officials would greatly prefer the July 1, 2004 requirement to be delayed. January 1, 2005 is probably the earliest time they could begin implementing this bill, because plates must be ordered approximately three months prior to their delivery to the Department. Other items that would be affected by this bill include additional postage for the plates, storage of extra plates and labor costs associated with distributing the additional plates.

TECHNICAL ISSUES:

The Taxation and Revenue Department has the following technical concerns:

1) Paragraph A of section 1 of the proposal is unclear, and may be interpreted to state that every vehicle registered on and after July 1, 2004 must have front and rear plates, in which case almost every vehicle in NM would be under this requirement on the same date. An alternative interpre-

tation would state that, starting with vehicle renewals on and after July 1, 2004, the front/ rear plates would be required. The problem may be corrected by rewording the first sentence in Section 1 of the proposal to state that: "All vehicles that are registered or re-registered by the department on or after July 1, 2004 shall display a set."

2) Language in proposed Section 1, paragraph A should also be added to the proposal providing TRD with rule-making authority to oversee the implementation of this bill.

3) Language proposed in Section 1, paragraph C should be amended to list additional vehicles required to display only need one plate – most likely in the rear. Motorcycles, ATVs, manufactured homes, snowmobiles and similar devices are among should probably be required to display only one plate.

OTHER SUBSTANTIVE ISSUES

The Department of Public Safety notes that law enforcement supports the issuance of two plates for non-commercial vehicles. They believe that the two plates allows for better identification of the vehicle while it is in operation and allows for faster determination on the the status of the vehicle.

The Taxation and Revenue Department bring up several concerns regarding issuance of two plates. These include:

Who Does not Pay for a Second Plate?

Several special plates issued by the Department do not require payments of fees. Examples include plates for elected officials, Medal of Honor, Purple Heart winners, prisoners of war, disable veteran, and handicapped individuals. MVD would presumably be required to assume the costs of these additional plates.

Collegiate Plates

NMSU and UNM have a unique arrangement with MVD on ordering of their plates. It is not clear how these arrangements would be managed if the proposed measure were to be implemented.

Changer of Vendor

If the decision is made to change plate vendors during implementation of this bill, the process of employing a new manufacturer could be extremely difficult.