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FISCAL IMPACT REPORT

ORIGINAL DATE 2/20/07
 LAST UPDATED 3/16/07 HB _____

SPONSOR Rainaldi

SHORT TITLE Front and Rear License Plates SB 777/aSPAC

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	\$7,300 - \$13,300			\$7,000 - \$13,300	Non- Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee (SPAC) amendment would allow TRD to issue a second license plate at renewal or re-registration instead of at one-time. The effective date is also changed from July 1, 2007, to July 1, 2008. The date in the amendment should be July 1, 2008, to match the effective date of the legislation, so that owners would not have to be issued a new plate until the expiration of their registration.

Synopsis of Original Bill

Senate Bill 777 would require most New Mexico-registered vehicles to display motor vehicle registration plates on the front and rear of vehicles. The bill provides exceptions for trailers, temporary and one-way permits, and for heavy commercial vehicles registered in another state. As of July 1, 2007, vehicles covered by the bill must display front and rear plates.

FISCAL IMPLICATIONS

The bill does not include an appropriation or a registration fee increase, but TRD estimates a significant cost for producing and distributing the second plate to owners of registered vehicles.

According to TRD, approximately 2 million vehicle registrations would be affected by the proposal. Because the bill does not include a period of transition to the two-plate requirement, TRD finds two available options:

- Issue and mail a new set of two license plates, plus stickers, to every currently-registered vehicle's owner. At an average cost of \$1.84 per plate, \$0.20 per sticker and \$2.65 per mailing, the total costs of this approach would be \$13.3 million.
- A one-time mailing of an additional plate to every currently-registered vehicle owner. This would require a manual process, which would likely be very time-consuming, but a net cost of \$7.2 million, about \$6 million less than the first option.

SIGNIFICANT ISSUES

There would be some waste associated with both of these approaches because the Motor Vehicle Division (MVD) does not have information on which of the outstanding registrations may apply to vehicles that are no longer in use.

A third option would be to implement the two-plate requirement owners apply to re-register their vehicles. This approach would take about 2 years before all vehicles were covered by the two-plate requirement, and would be the least costly approach.

TRD notes that MVD would be unable implement the bill requirement by the effective date because plates must be ordered approximately three months prior to their delivery to the department. MVD officials would prefer the July 1, 2007, requirement to be delayed. They estimate that January 1, 2008, is probably the earliest time by which MVD could begin implementing this bill.

ADMINISTRATIVE IMPLICATIONS

See fiscal implications and significant issues sections above.

TECHNICAL ISSUES

TRD notes that all-terrain vehicles should be added to the list of exceptions to the two-plate requirement by reference to Section 66-3-1004.

OTHER SUBSTANTIVE ISSUES

TRD indicates that law enforcement officers prefer front and rear plates because it is easier to run information checks on vehicles equipped with plates on the front and the rear, and in some cases officers only see the front of vehicles.

According to TRD, several special plates issued by the Department do not require payments of fees, such as plates for elected officials, Medal of Honor, Purple Heart recipients, prisoners of war, disable veteran, and handicapped individuals. MVD would presumably be required to assume the costs of issuing the second plates for these registrants.

ALTERNATIVES

TRD could implement the two-plate requirement through re-registration by modifying the proposed amendment to Section 66-3-18 by adding, on page 6, line 6, after the phrase “they are issued” the following language: “provided that a registration plate, issued prior to July 1, 2006, and attached to the rear of the vehicle shall not violate this section and shall be valid until the time of renewal.” Language should also be added providing the Taxation and Revenue Department with rule-making authority to oversee the implementation of this bill.

BE/csd:nt