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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/08

SPONSOR Cote LAST UPDATED \_\_\_\_\_ HB 168

SHORT TITLE City of Las Cruces License Plate SB \_\_\_\_\_

ANALYST Earnest

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
NFI*	NFI*	**	Recurring	Motor Vehicle Division Operating Fund
NFI*	NFI*	**	Recurring	City of Las Cruces Recreation Fund 2130

(Parenthesis ( ) Indicate Revenue Decreases)

\* TRD reports that any new plates cannot be produced until FY10. See administrative impact section for more detail.

\*\*TRD did not estimate the number of plates that might be needed.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

House Bill 168 creates a new “City of Las Cruces” special registration plate with a logo indicating that the vehicle owner is a resident of the city of Las Cruces. The Taxation and Revenue Department (TRD) must adopt procedures for application for and issuance of the special plate and the TRD secretary must approve the final logo design for the plate. Owners of motor vehicles who are residents of Las Cruces would have the option of paying a \$35 fee for the special plate each year the owner wishes to retain the plate. The \$35 fee is in addition to the regular registration fee. Of this amount, \$10 of the fee would be retained by the Motor Vehicle Division (MVD), and \$25 of the fee would be “paid to the state treasurer and is appropriated to the city of Las Cruces recreation fund 2130.” Any person who ceased to be a resident of Las Cruces would be required to remove the plate and return it to TRD in exchange for a regular plate.

## FISCAL IMPLICATIONS

TRD has no information to indicate the number of these special plates that might be requested. The cost of each plate would be \$35, with \$10 retained by MVD and \$25 distributed to the City of Las Cruces recreation fund 2130.

Approximately 25,000 special plates are currently issued for 22 different issues. The most common are the veterans of various armed services (9,269 total) and collegiate plates (8,957 total), but several of the special plates have been issued in much smaller quantities.

## ADMINISTRATIVE IMPLICATIONS

TRD reports that since the implementation of several special registration plates over the past few years, the revenue accounting system of the MVD has run out of revenue codes to implement additional special registration plates. All new special registration plates must be assigned a revenue code so the plate can be programmed into the system and the associated funds distributed appropriately. Without any revenue codes available, no additional special registration plates can be implemented into the existing system. In order to accommodate new special registration plates, a re-write of the revenue accounting system will need to occur. The LFC and Executive are recommending a new revenue system. If funded, the new system should be deployed by January 1, 2010. Prior to that date, MVD may not be able to implement this legislation.

The effect of this bill on TRD-MVD's operating budget will depend on the number of plates issued and provided to customers. However, the ten dollars per plate retention by the department is both appropriate and in keeping with statute for a number of other special plates and should be sufficient to cover costs, assuming the new revenue system is deployed prior to implementation of this special plate program.

## TECHNICAL ISSUES

TRD indicates that on page 2, lines 21 – 23, the bill states that \$25 of the fee would be "*paid to the state treasurer and is appropriated to the city of Las Cruces recreation fund 2130*". This language differs from that associated with other similar special plate revenue programs and should probably be reviewed. For other special plate programs, the \$25 portion of each fee is distributed to a state agency or special fund associated with the special cause. It is unclear why this language and process should differ from the standard existing model.

## OTHER SUBSTANTIVE ISSUES

According to TRD, implementation of any "City of \_\_\_\_\_" special license plate could be expected to be followed by similar requests from a large number of cities. The Department may need to take that possibility into consideration when approving the final logo design for this special registration plate.

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