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FISCAL IMPACT REPORT

ORIGINAL DATE 02/25/09
 LAST UPDATED 03/13/09 HB 772/aHTPWC

SPONSOR Hall

SHORT TITLE 4-H Support License Plates SB _____

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$3.0	Recurring	MVD Operating Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	\$3.0	\$3.0	Recurring	MVD Operating Fund
	\$7.5	\$7.5	Recurring	New Mexico State Univ.

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Minimal			Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

New Mexico State University (NMSU)

SUMMARY

Synopsis of HTPWC Amendment

The House Transportation and Public Works Committee Amendment inserts an effective date of July 1, 2010.

Synopsis of Original Bill

House Bill 772 proposes to add a new section to the Motor Vehicle Code authorizing the Motor Vehicle Division (MVD) to issue a special registration License plate indicating support for 4-H.

The annual fee for the plate would be \$35 in addition to the regular motor vehicle registration fee. Revenue from sale of the special plates would be distributed as follows: \$10 retained by MVD for the cost of making and issuing the plate, and \$25 to the board of regents of New Mexico State University for the New Mexico State 4-H office and for 4-H youth programs in the state.

The 4-H logo shall be in accordance with federal laws or regulations of the United States Department of Agriculture.

FISCAL IMPLICATIONS

According to the Taxation and Revenue Department (TRD), the estimated revenue calculation is as follows:

300 issued 4-H plates x \$10 per transaction	= \$3.0 MVD Fees
300 issued 4-H plates x \$25 per transaction	= \$7.5 NMSU

Continuing Appropriations language

This bill provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions, as earmarking reduces the ability of the legislature to establish spending priorities.

The bill allows MVD to keep some of the monies collected to defray the costs of the plate but does not include language making the monies non-reverting.

SIGNIFICANT ISSUES

MVD believes it is imperative this bill have an effective date no earlier than July 1, 2010. No new special license plates that include a fee can be issued by MVD until additional revenue codes are available in the computer system. All current revenue codes are in use. No additional revenue codes will be available until MVD implements a new Point of Sale system that is estimated to be in place by July 1, 2010.

ADMINISTRATIVE IMPLICATIONS

According to TRD, although this bill will have a low IT impact, MVD has an issue with adding additional revenue codes to the IT system. Implementation would involve changes to the following programs.

- MVD 2.0 Vehicle Application (60 Hrs)
- MVD Web Registration Application (40 Hrs)
- Distribution Application (MVR0) (60 Hrs)
- MVD Website (4 Hrs)
- User Acceptance Testing (80 Hrs)

Total Hours: 244 x \$50 = \$12,200

TECHNICAL ISSUES

As noted in the significant issues section, MVD may not be able to program a new revenue code into the current IT system, or until July 1, 2010.

This bill provides for a continuing appropriation to MVD from fees collected from the commemorative plate. The LFC has concerns with including continuing appropriation language in statutory provisions, as earmarking reduces the ability of the legislature to establish spending priorities.

OTHER SUBSTANTIVE ISSUES

Last year, the MVD issued 25,000 special plates in 22 different types. Most common were military (9,269) and collegiate (UNM, NMSU, NMT, 8,957), but several of the plates have been issued in much smaller quantities.

According to New Mexico State University (NMSU), the 4-H youth development program provides opportunities to learn life skills, gain knowledge while having fun, and make contributions in such areas as environmental education, community service, and current youth issues. The 4-H program is dedicated to providing opportunities for young people to develop leadership and management skills, positive self-esteem, effective communication skills, a solid sense of personal responsibility and the ability to make sound decisions. The life-skills learned in 4-H enable youth to become productive, well-informed, self-reliant responsible adults.

4-H is the largest youth organization in the world with 7 million youth members and 603,000 volunteer leaders.

In the 2007-2008 New Mexico 4-H program year:

- 75,521 youth, ages 5-19, were enrolled as members.
- 4-H Farms: 7,227
- Towns under 10,000 & rural non-farm: 18,107
- Cities up to 50,000 and their suburbs: 40,984
- Cities over 50,000: 6,179
- Suburbs of cities over 50,000: 3,024
- 3,864 adults served as volunteer 4-H leaders
- 3,204 youth served in volunteer roles

Again, \$25 of each license plate sold would be appropriated to the NMSU 4-H office and to the 4-H youth programs statewide.

Since there is no effective date specified in the bill, it is assumed the changes would become effective 90 days after legislative adjournment.

DL/svb