

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

February 2, 2024

Bill: HRDLC Sub. For HB-251 **Sponsor:** Representatives Mark Duncan, Luis M. Terrazas, Patricia A. Lundstrom, Harlan Vincent, and Senator William F. Burt

Short Title: Special License Plate Procedures

Description: The bill requires the Motor Vehicle Division (MVD) of the Taxation and Revenue Department (Tax & Rev) to apply for a long-term license from the United States Department of Agriculture Forest Service to use the image and name of Smokey Bear to allow the creation of a special registration plate with a logo. Upon finalizing a license agreement, MVD will issue the Smokey Bear fire prevention special registration plate for a fee of \$50 in addition to the regular motor vehicle registration fees with \$40 fee for renewal each year. \$12 of the fee shall be retained by MVD to defray the cost of the plate with the remainder of the initial registration fee and the entire portion of subsequent renewal fees remaining after payment of licensing fees shall be distributed to the Energy, Minerals and Natural Resources Department (EMNRD) for forest fire prevention.

Effective Date: July 1, 2024

Taxation and Revenue Department Analyst: Htet Gonzales – MVD

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2024	FY2025	FY2026	FY2027	FY2028		
	Unknown	Unknown	Unknown	Unknown		MVD Suspense Fund

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Methodology for Estimated Revenue Impact: It is unknown how many of these plates will be requested. The \$12.00 fee established by this bill will go to the MVD Suspense Fund for the manufacture and issuance of the initial plate to the applicant.

Policy Issues: Creation of the new specialty plate must be in accordance with existing state statute under Section 66-3-424 NMSA 1978 Standardized special registration plates with logos. In particular, Section of 66-3-424(D)(2) NMSA 1978 “Shall provide a prepayment to the division in an amount sufficient to cover the plate and logo costs of the initial order”. Typically, the initial fee to purchase plates is \$800; \$250 for design/artwork costs while \$5.50 is charged for each plate in the initial batch of 100.

Technical Issues: This bill does not specifically say that the Smokey Bear plate can be issued to motorcycles as well as passenger vehicles. If it is the intent to allow the issuance of the Smokey Bear to be issued to motorcycles, a new statute specifically addressing this addition should be enacted to be constant with other specialty plates offered to both vehicles and motorcycles. An example would be the Children Trust Fund plate, under Sections 66-3-420 and 66-3-420.1 NMSA 1978.

Other Issues: It is unknown how quickly a long-term license agreement to use the image and name of Smokey Bear can be reached. The licensing agreement mentioned as well as the approval and manufacturing processes for any new specialty plate can be lengthy. A specialty plate with the universal recognition of Smokey Bear will have additional scrutiny. MVD asks that the effective date of this legislation be July 1, 2025, and will release the plate upon completion of these requirements prior to July 1, 2025 if possible.

Administrative & Compliance Impact: Implementation of this bill will have a moderate impact on Tax & Rev’s Information Technology Division. The estimated time to develop, test and implement the changes is approximately 480 hours or 12 weeks for an estimated \$26,640.00 of Staff workload cost.

This bill requires application and configuration changes to the system related to the vehicle special plate fee process, registration fee calculation for the first-time plate issuance with distribution fees of \$12.00 shall be retained by MVD, the remaining \$38.00 and the yearly plate renewal fees of \$40.00 to be distributed to EMNRD for forest fire prevention.

Estimated Additional Operating Budget Impact*				R or NR**	Fund(s) or Agency Affected
FY2024	FY2025	FY2026	3 Year Total Cost		
--	\$26.6	--	\$26.6	NR	MVD Suspense Fund – Staff Workload Cost

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).