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FISCAL IMPACT REPORT

ORIGINAL DATE 02/17/11

SPONSOR Campos LAST UPDATED _____ HB _____

SHORT TITLE Permanent Registrations & License Plates SB 412

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	Unspecified	Recurring	Motor Vehicle Operating Funds

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	\$4.0	(\$1.0)	Recurring	TRD-MVD Operating Funds
	\$7.0	(\$12.0)	Recurring	State Road Fund
	\$2.0	(\$4.0)	Recurring	local governments
	\$0.0	(\$1.0)	Recurring	Litter Control and Beautification Fund, Recycling and Illegal Dumping Fund, and Highway Infrastructure Fund (combined impact)
	\$13.0	(\$18.0)	Recurring	Total

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 412 proposes a new section to the Motor Vehicle Code to provide custom vehicles and street rods with the ability to obtain a permanent vehicle registration and registration license plates. There would be a one-time registration and plate fee of one hundred dollars (\$100) for the duration of that person's ownership. The bill sets forth the application process for permanent registration, and also defines terms used in the new section.

The bill allows fifteen dollars (\$15) of the fee to be retained by the department for manufacture and issuance of the special custom vehicle or street rod registration plates, and the remaining eighty-five dollars (\$85) would be paid to the state treasurer for credit to the motor vehicle suspense fund. The department shall consult with the custom vehicle and street rod community on the color and design of the special plate.

The bill would exempt a motor vehicle registered under the act from periodic vehicle emission tests.

FISCAL IMPLICATIONS

According to the Taxation and Revenue Department (TRD), there is no information to estimate the (presumably small) number of street rod and custom vehicle registrations that would result from this bill. The \$85 portion of the one-time fee for each plate would replace regular recurring registration fees of about \$55 per year (plus recurring other fees of \$5.50).

For illustrative purposes only, the revenue impact assumes 300 street rod and custom vehicle registrations in FY2012 (positive revenue impact), followed by the loss of recurring registration fees on those 300 vehicles. There is a risk that the impact could be significantly greater.

This bill appropriates fees to the department. The LFC has concerns with including continuing appropriation language in the statutory, as earmarking reduces the ability of the legislature to establish spending priorities.

ADMINISTRATIVE IMPLICATIONS

TRD estimates the bill has a minimal nonrecurring cost to the department to update information technology systems and operating procedures.

However, as noted in the technical issues section, the bill requires the department to determine if the vehicle meets safety and equipment requirements. This may require a technical skill set not currently required of the staff.

RELATIONSHIP

Relates to HB-114 "Albuquerque Public Schools License Plate", HB-418 "Golf Tourism License Plates", SB-92 "Air Medal Recipient License Plates", SB-130 "Lea County Energyplex License Plates", SB-140 "Blood Donor Recognition License Plates", SB-298 "Special Big Game Hunting

Registration Plate”, SB-302 “Registration Plate for Disabled Veterans” and SB-350 “Special Girl Scout Registration Plate”.

TECHNICAL ISSUES

TRD reports the following concerns regarding the bill:

- The language of this bill is such that its provisions could apply to a larger class of vehicles than may be intended. For instance, a 1985 vehicle that has been only slightly modified by the addition of running lights.
- The prohibition against use as a “daily” or for “general” transportation is too vague.
- The provision that the safety of the vehicle is to be determined by the department will require the enactment of regulations, which process might be contentious with the expected involvement of the street rod and custom rod communities.
- Another issue may be penalties for violation of the restrictions on use of these specially registered vehicles, and whether a law enforcement officer would have “reasonable grounds” to make an investigatory stop of a vehicle exhibiting the special plate (for instance to ascertain whether the vehicle is being used as a “daily” driver or for “general transportation” purposes) if the vehicle was observed operating on a public highway but violating no other traffic law.

OTHER SUBSTANTIVE ISSUES

Some examples of requirements in other states:

- California makes a distinction between a custom-built car as one that's built for private use, not for resale, and is not constructed by a licensed manufacturer or remanufacturer and a restored vehicle that was originally built by an auto manufacturer.
- Illinois requires a street rod to have a completed certification by a National Street Rod Association (NSRA) inspector.
- Texas requires –
 1. An Inspector's Report, certifying that the vehicle is safe to take on the road is required for "classic" vehicles. The Department of Safety's (DPS equivalent) Safety Inspection Station will provide the report, following the vehicle inspection. Depending on the age of the car, some parts do not have to be inspected unless the original parts have been retained. Rebuilt vehicles will also need safety inspection.
 2. A completed Builder's Affidavit, for custom-built/rebuilt vehicles

AMENDMENTS

The bill does not seem to require

- auto insurance
- documented vehicle identification numbers for the engine and chassis to prove the vehicle does not contain any stolen parts
- a current odometer reading – proof that it isn't being driven very often