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FISCAL IMPACT REPORT

SPONSOR	Ruil	oba	ORIGINAL DATE LAST UPDATED	2/4/19	HB	231
SHORT TITLE Front & Back I		Front & Back Licer	nse Plates		SB	

ANALYST Chabot

REVENUE (dollars in thousands)

	Recurring	Fund		
FY19	FY20	FY21	or Nonrecurring	Affected
	\$4,010.0	\$4,010.0	Recurring	OSF License Plate Fee

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$4,010.0	\$4,010.0	\$8,020.0	Recurring	TRD/MVD Operating Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files National Conference of State Legislators

<u>Responses Received From</u> Department of Public Safety (DPS) New Mexico Department of Transportation (NMDOT) Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 231 amends the Motor Vehicle Code to require two registration plates or validating stickers on each motor vehicle. Exemptions exist for vehicles at least 35 years old and owned as collector items and used solely for exhibition and educational purposes. Exemptions are provided for vehicles with an initial New Mexico plate (at least 30 years old), trailers, semitrailers, pole trailers, manufactured home, school buses, state government vehicles, motorcycles and off-highway motor vehicles. To cover the cost of new plates, the annual

House Bill 231 – Page 2

registration fee will be raised \$2. The effective date to start collecting the additional \$2 fee is July 1, 2019. The effective date for the rest of the bill is July 1, 2023.

FISCAL IMPLICATIONS

The bill has no appropriation but provides for a \$2 fee for each year to be added to the cost of registration and the fee is to be retained by TRD and appropriated to the department to defray the cost of making and issuing front registration plates. From information provided by TRD on HB167, license plates costs vary and range up to \$5.35 a plate. The cost is largely dependent on the cost of aluminum which may increase because of recent embargos. The \$2-dollar fee would have to cover the costs of license plates that are issue free of charge to certain classes of drivers.

SIGNIFICANT ISSUES

A NCSL report issued in 2016 found that 34 states and territories require front and back license plates; 19 only require 1. There are no federal standards and the number of vehicle plates is up to the individual states.

DPS states the requirement of a front and rear plate enhances the ability to identify vehicles from either the from or rear of the vehicle. By adding the additional plate to the front of vehicles, there will be more opportunity for law enforcement to gather specific information about a vehicle.

ADMINISTRATIVE IMPLICATIONS

TRD would have to change its administrative manuals. It estimates approximately 42 weeks to make the required system changes. It asserts the effective date of July 1, 2019 for Section 4 of the bill be changed to January 1, 2020 due to the system conversion changes required.

RELATIONSHIP

HB167 which requires replacement of license plates every 8 years.

TECHNICAL ISSUES

TRD recommends the following changes.

- 1. On page 1, line 22, strike "or" and insert "and".
- 2. On page 2, line 7, strike "or" and insert "and".
- 3. On page 6, line 11 amend to read" ...66-3-414 or 66-3-421..." and 66-3-424.24 should be stricken. Section 66-3-424.24 relates to gold star family plates that are not offered at no cost.
- 4. On page 6, line 24, strike "July 1, 2019" and insert "January 1, 2020".

GAC/sb