

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 316

(Delegate Malone)

Environmental Matters

Judicial Proceedings

Motor Vehicles - Low Speed Vehicles - Standards and Restrictions

This bill requires the Motor Vehicle Administration (MVA) to register and issue certificates of title for low speed vehicles and creates a new registration class for low speed vehicles. A low speed vehicle is defined as a four-wheeled electric vehicle that has a maximum speed between 20 and 25 miles per hour.

The bill takes effect January 1, 2006.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues could increase by \$1.4 million in FY 2006 due to registration and titling of low speed vehicles. Maryland Emergency Medical System Operations Fund (MEMSOF) revenues could increase by \$330,000 and Maryland Trauma Physician Services Fund revenues could increase by \$75,000 in FY 2006 due to surcharges imposed for registration of low speed vehicles. TTF expenditures could increase by \$128,100 in FY 2006 for expenses associated with processing titles and registrations. Out-year revenue and expenditure estimates reflect the growth in new vehicles titled and registered and the biennial registration fee schedule. Potential minimal increase in general fund revenues due to the penalty provisions applicable under the Maryland Vehicle Law (maximum \$500 fine).

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
GF Revenue	-	-	-	-	-
SF Revenue	1,830,000	54,900	1,509,900	98,600	1,553,600
SF Expenditure	128,100	86,600	67,700	56,700	69,400
Net Effect	\$1,701,900	(\$31,700)	\$1,442,200	\$41,900	\$1,484,200

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local government revenues could increase by \$315,000 in FY 2006 due to an increase in Gasoline and Motor Vehicle Revenue Account (GMVRA) revenues distributed to local governments as highway user revenues. Future revenues reflect the growth in new vehicles titled and registered and the biennial registration fee schedule.

Small Business Effect: None.

Analysis

Bill Summary: A low speed vehicle would be registered as a Class R (Low Speed) vehicle, with an annual registration fee of \$35, and would be subject to the \$13.50 annual surcharge for the Maryland Trauma Physician Services Fund and MEMSOF. Applications for registration of low speed vehicles must be made electronically. A dealer who sells a low speed vehicle must collect a completed registration application and all registration fees and transmit the form electronically.

Local jurisdictions may ban low speed vehicles from operating on highways within the jurisdiction. The MVA and the Department of State Police must adopt regulations establishing equipment, performance, and technical standards for low speed vehicles. The MVA may also adopt regulations to require equipment beyond what is required under federal law.

Low speed vehicles may not be operated:

- on a highway with a speed limit exceeding 30 miles per hour;
- on a highway on which driving a low speed vehicle is prohibited by county or municipal ordinance;
- on an expressway or certain other controlled access highways; or
- across a highway where the speed limit exceeds 45 miles per hour, unless crossing at an intersection with a traffic control signal or a stop sign at each approach to the intersection.

Low speed vehicles are not required to be covered by the Maryland Automobile Insurance Fund.

Current Law: State law defines a vehicle as any device in, on, or by which any individual or property is or might be transported or towed on a highway. With certain exceptions, the owner of a vehicle must obtain a certificate of title. Electric personal assistive mobility devices, such as segways, are not considered vehicles. If a vehicle is also defined as a motor vehicle, which means it is self-propelled or propelled by electric

power obtained from overhead electrical wires and does not operate on rails, it must be registered, with certain exceptions.

Most registered vehicles are subject to a fee, paid biennially, that varies according to vehicle class and a \$13.50 surcharge per year collected primarily for MEMSOF unless exempted. Registration fee revenue is deposited into GMVRA in the TTF – 70% is retained in the TTF and local jurisdictions receive the remainder as highway user fees.

Motor vehicles must be inspected and tested every two years under the State Vehicle Emissions Inspection Program. Electric vehicles are exempt from this requirement. Vehicles and motor vehicles are also subject to the requirements of the Maryland Vehicle Law. In general, persons convicted of a misdemeanor for violating any provision of the Maryland Vehicle Law are subject to a fine of up to \$500.

Federal regulations require low speed vehicles to be equipped with the following: (1) headlamps; (2) front and rear turn signal lamps; (3) tail lamps; (4) stop lamps; (5) one red reflector on each side as far to the rear as practicable, and one on the rear; (6) an exterior mirror mounted on the driver's side of the vehicle and either an exterior mirror on the passenger's side of the vehicle or an interior mirror; (7) a parking brake; and (8) a windshield that meets certain industry standards.

Background: In recent years, interest has risen in low speed vehicles. These passenger-carrying vehicles, although low speed, offer a variety of advantages, including comparatively low-cost and energy-efficient mobility. Many of these vehicles are electric-powered. Some are interested in using them to make short trips to shop and for other social and recreational opportunities. Interest in these vehicles is focused around planned communities such as communities on golf courses and retirement communities.

State Revenues: The Department of State Police estimates that 10,000 to 20,000 vehicles would be subject to titling and registration requirements under the bill. State revenues could therefore increase by as much as \$1,830,000 in fiscal 2006. This estimate is based on the following assumptions:

- 15,000 existing vehicles would be registered in fiscal 2006;
- all such vehicles would be subject to \$120 in total fees for initial registration, most fees would also be paid biennially for renewal registration: \$70 biennial registration fee; \$23 one-time titling fee; \$22 biennial MEMSOF surcharge; and \$5 biennial Maryland Trauma Physician Services Fund surcharge ; and
- 10% (1,500) of such registered vehicles would be subject to a \$20 lien fee.

The MVA estimates that an additional 450 vehicles would require titling and registration each year thereafter. Accordingly, State revenues could increase by \$54,900 in fiscal 2007, \$1,509,900 in fiscal 2008, \$98,550 in fiscal 2009, and \$1,553,550 in fiscal 2010, based on a biennial renewal of registrations and 450 new vehicles registering each year.

The TTF would retain 70% of registration fees annually, as well as all lien and titling fees. This could result in an increase in revenues retained by the TTF of \$1,110,000 in fiscal 2006, \$33,300 in fiscal 2007, \$768,300 in fiscal 2008, \$55,350 in fiscal 2009, and \$790,350 in fiscal 2010.

MEMSOF revenues could increase by \$330,000 in fiscal 2006, \$9,900 in fiscal 2007, \$339,900 in fiscal 2008, \$19,800 in fiscal 2009, and \$349,800 in fiscal 2010.

Maryland Trauma Physician Services Fund revenues could increase by \$75,000 in fiscal 2006, \$2,250 in fiscal 2007, \$77,250 in fiscal 2008, \$4,500 in fiscal 2009, and \$79,500 in fiscal 2010.

General fund revenues could increase to the extent that low speed vehicles are subject to monetary penalties under Maryland Vehicle Law. Any such increase cannot be reliably estimated at this time but is assumed to be minimal.

State Expenditures: The MVA advises that one full-time and one part-time customer service agent are needed for every 10,000 vehicles registered. Since the demand may vary by branch, Legislative Services advises that on-call contractual assistance would be more appropriate.

TTF expenditures could increase by an estimated \$128,069 in fiscal 2006, which accounts for the bill's January 1, 2006 effective date. This estimate reflects the cost of hiring one contractual employee for two years at the MVA's call center and ongoing on-call contractual services. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate includes the following costs:

Salary and Fringe Benefits	\$40,276
Titling, Plate Manufacture, Document Scanning, and Promotion	61,505
Operating Expenses	<u>26,288</u>
Total FY 2006 State Expenditures	\$128,069

Future year expenditures reflect: (1) the departure of the two-year contractual employee at the MVA call center; (2) the reduction in numbers of vehicles that need to be titled and issued registration plates; and (3) 1% annual increases in ongoing operating expenses.

The MVA advises that computer programming and web site updating costs would be approximately \$140,000, in addition to document scanning and data storage costs. Legislative Services advises that, if other legislation is passed that affects the registration system, economies of scale could be realized. This would reduce the costs associated with this bill and other legislation affecting the MVA system.

Local Revenues: Local highway user revenues distributed from GMVRA could increase by \$315,000 in fiscal 2006, \$9,450 in fiscal 2007, \$324,450 in fiscal 2008, \$18,900 in fiscal 2009, and \$333,900 in fiscal 2010.

Additional Information

Prior Introductions: An identical bill was introduced as HB 991 in the 2004 session but no action was taken. Similar bills HB 321 and SB 521, were introduced in the 2003 session, but both received an unfavorable report from the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Department of State Police, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2005
mp/ljm Revised - House Third Reader - April 5, 2005

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