

Department of Legislative Services  
 Maryland General Assembly  
 2013 Session

FISCAL AND POLICY NOTE

House Bill 562 (Delegate Elliott, *et al.*)  
 Environmental Matters

Vehicle Laws - Single Registration Plate

This bill institutes a one-registration plate requirement, repealing the requirement to display both a front and rear registration plate for most vehicle classes. The registration plate must be attached to the rear of most classes of vehicles.

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) expenditures may decrease by about \$581,400 in FY 2014, which reflects the bill’s effective date, and by more than \$782,900 beginning in FY 2015 due to reduced production costs associated with scaling down to a single-registration plate requirement. General fund revenues decrease significantly beginning in FY 2014 due to the elimination of penalties collected for driving with one registration plate, as discussed below.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
GF Revenue	(-)	(-)	(-)	(-)	(-)
SF Expenditure	(\$581,400)	(\$782,900)	(\$790,700)	(\$798,600)	(\$806,600)
Net Effect	-	-	-	-	-

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

**Local Effect:** None.

**Small Business Effect:** None.

Analysis

**Current Law:** All vehicles are required to display two registration plates, unless they are in one of three vehicle classes. Class D (motorcycle), Class F (tractor), and

Class G (trailer) vehicles are exempt from the two-registration plate requirement. Class F vehicles are required to display the registration plate on the front of the vehicle. Historic and antique vehicles must display current registration plates in the places provided on the vehicle. In addition, the Motor Vehicle Administration (MVA) must issue only one plate for vehicles with temporary registration.

Each registration plate must display the name of the State and the registration number assigned to the vehicle. After the plates have been issued, MVA may order their continued use in subsequent registration years and must issue a validation tab to show payment of the vehicle registration fee.

An owner of a motor vehicle may not drive the vehicle or permit it to be driven on any highway in Maryland without validated registration plates, unless otherwise expressly authorized by MVA. Expired registration plates may not be displayed. A violation of these provisions is a misdemeanor, subject to a fine of up to \$500 or a prepayment fine of \$70.

**Background:** According to the National Conference of State Legislatures, 19 states, including Delaware, Pennsylvania, and West Virginia, allow one registration plate to be issued for some vehicle classes. The remaining 31 states and the District of Columbia require two plates. Several states only require one plate for certain types of vehicles such as motorcycles, trailers, or all terrain vehicles.

A reported disadvantage of issuing two plates when only one must be displayed is the potential for fraud, because the recipient can use one of the plates for an unregistered vehicle and avoid paying registration fees.

**State Expenditures:** TTF expenditures may decrease by about \$581,366 in fiscal 2014, which accounts for the bill's October 1, 2013 effective date. This estimate reflects the savings from procuring fewer registration plates. The information and assumptions used in calculating the estimate are stated below:

- the same number of plates are issued in fiscal 2014 and future years as were issued in fiscal 2012;
- the cost of procuring registration plates from Maryland Correctional Enterprises by MVA is reduced by about \$581,366 in fiscal 2014; and
- there is no reduction in postage costs because MVA incurs a flat shipping rate for packages weighing 1.5 pounds or less.

Future year savings reflect annualization and annual increases in ongoing operating expenses. To the extent that motor vehicle sales increase along with an economic expansion, future year savings may increase more than estimated.

**State Revenues:** General fund revenues decrease significantly beginning in fiscal 2014 due to the elimination of penalties under the Maryland Vehicle Law for driving with only one registration plate. *For illustrative purposes only*, general fund revenues may decrease by about \$469,300 in fiscal 2014 and by about \$625,715 annually thereafter, which reflects the following assumptions:

- the number and percentage of violations resulting in a prepaid fine in fiscal 2014 and future years would otherwise remain constant at the average of fiscal 2011 and 2012 levels (11,237 and 75.3%);
- one-half of the violations for failure to display two registration plates in accordance with current law are attributed to driving with only one registration plate;
- the conviction rate in contested cases is 50% and results in the payment of a fine of one-half of the statutory maximum; and
- fines and penalties in fiscal 2014 and future years remain at current levels.

**Additional Comments:** The Department of Legislative Services notes that the bill requires MVA to issue only one plate, but it does not require that each existing registered vehicle have *only one* plate. If all registered vehicles were required to have only one plate, the costs of implementing this standard could increase significantly, but the standard could also significantly reduce the potential for fraud. For example, requiring all registered vehicles to comply immediately, or within a specified phase-in period, would necessitate that MVA retain a substantial number of contractual employees to collect the existing front plates. In addition, a contractual program administrator or auditor may be necessary to account for all collected plates.

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### **Additional Information**

**Prior Introductions:** HB 583 of 2012, HB 513 of 2011, HB 1063 of 2010, and HB 430 of 2009 received unfavorable reports from the House Environmental Matters Committee. SB 332 of 2008 incorporated similar provisions; SB 332 received an unfavorable report from the Senate Judicial Proceedings Committee. Nearly identical bills were introduced in the 2001 and 2003 sessions. SB 61 of 2003 received an unfavorable report from the Senate Judicial Proceedings Committee, and HB 475 of 2001 received an unfavorable report from the House Commerce and Government Matters Committee.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation, National Conference of State Legislatures, Department of Legislative Services

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