

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

House Bill 882

(Delegate Malone)

Environmental Matters

Judicial Proceedings

Motor Vehicles - Low Speed Vehicles - Power Source

This emergency bill alters the definition of a “low speed vehicle” (LSV) to be a four-wheeled *motor* (rather than *electric*) vehicle that has a maximum speed capability that exceeds 20 miles per hour but is less than 25 miles per hour.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF), general fund, and other special fund revenues increase, likely negligibly, beginning in FY 2014, due to a slight increase in the collection of vehicle title and registration fees, registration surcharges, title lien fees, excise taxes, and insurance premium taxes as a result of additional vehicles qualifying to become LSVs. The increase in general fund revenues may be offset due to lost sales and use tax revenue associated with newly purchased LSVs. Expenditures are not affected assuming the number of additional LSVs titled and registered is negligible.

Local Effect: The bill is not anticipated to materially affect local operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law: An LSV is a four-wheeled electric vehicle that has a maximum speed capability that exceeds 20 miles per hour but is less than 25 miles per hour. An LSV is classified as a Class R vehicle for registration purposes and is subject to an annual registration fee of \$35.

A person may not drive an LSV (1) on a highway where the posted maximum speed limit exceeds 30 miles per hour; (2) on any expressway or other controlled access highway with a sign prohibiting LSVs; (3) on a highway where LSVs are prohibited by county or municipal ordinance; or (4) across a highway where the posted maximum speed exceeds 45 miles per hour, except at an intersection controlled by a traffic control signal or with a stop sign at each approach to the intersection. The Motor Vehicle Administration (MVA) has adopted regulatory restrictions and safety standards for LSVs. A local authority, in the reasonable exercise of its police powers, may restrict the use of an LSV on a highway.

Background: In 1998, the National Highway Traffic Safety Administration (NHTSA) issued a final rule on safety standards for LSVs. NHTSA noted the growing public interest in using golf carts and neighborhood electric vehicles for short shopping trips and other recreational purposes, primarily within retirement or other planned communities. LSVs have gained popularity because they are often low- or zero-emission vehicles and are relatively quiet, low cost, and energy efficient. Traditional golf carts usually have a top speed of 15 miles per hour; LSVs have been defined in many states, including Maryland, as achieving a top speed of 25 miles per hour. In the face of some deaths and serious injuries, NHTSA safety standards now require that LSVs be equipped with, among other safety features, headlamps, turn signals, parking brakes, rearview mirrors, windshields, seat belts, and vehicle identification numbers.

Federal regulations are not specific, in the definition of an LSV, as to the power source of the motor vehicle; an LSV does not, therefore, have to possess an electric motor under federal regulations.

State Fiscal Effect: MVA advises that only 151 LSVs were registered as of February 2014. Thus, given the current popularity of LSVs, this estimate assumes that the bill's expanded definition of an LSV results in only a minimal increase in the number of LSVs registered in the State. For example, fewer than 20 additional vehicles may be titled and registered each year assuming the number of nonelectric LSVs is equivalent to the number of electric LSVs, given that only 151 LSVs had been registered in the State in the eight years since LSVs were first authorized by law to be registered (January 2006).

Accordingly, general fund, TTF, and other special fund revenues are anticipated to be negligible in fiscal 2014 and future years. However, to the extent that the market for nonelectric LSVs grows substantially as a result of the bill or external factors affecting demand, revenues may increase in future years. Consequently, TTF expenditures may also increase significantly in future years for additional personnel, equipment, and contractual costs to handle a significant number of transactions at MVA. However, MVA anticipates that any additional expenditures in fiscal 2014 and subsequent years are minimal and absorbable within existing budgeted resources.

Small Business Effect: Small business retailers of nonelectric LSVs may realize a meaningful increase in sales as a result of the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of State Police, Maryland Department of Transportation, National Highway Traffic Safety Administration, Department of Legislative Services

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