

**Department of Legislative Services**  
 Maryland General Assembly  
 2014 Session

**FISCAL AND POLICY NOTE**

House Bill 327 (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 \$624,600 in FY 2015, which reflects the bill’s effective date, and by more than \$841,000 beginning in FY 2016 due to reduced production and postage costs associated with scaling down to a single-registration plate requirement. Nonbudgeted revenues decrease, likely significantly, for the Maryland Transportation Authority (MDTA) from an increase in unpaid tolls at facilities using electronic tolling. General fund revenues decrease significantly beginning in FY 2015 due to the elimination of penalties collected for driving with one registration plate, as discussed below.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
GF Revenue	(-)	(-)	(-)	(-)	(-)
NonBud Rev.	(-)	(-)	(-)	(-)	(-)
SF Expenditure	(\$624,600)	(\$841,000)	(\$849,300)	(\$857,700)	(\$866,200)
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, as of July 2012, 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.

According to a 2012 study by the Texas A&M Transportation Institute, the issuance of two license plates created fiscal and other resource efficiencies in the areas of enforcement, tolling, parking, and homeland security. For example, the study reported that, in Virginia, 23% of toll violations could not be pursued because the rear plates were unreadable. The study also reported that, in field studies using advanced vehicle identification technology, the registration plate identification rate for moving vehicles was 89% in Maryland, compared with 22% in Pennsylvania where only a single registration plate is required.

**State Expenditures:** TTF expenditures may decrease by about \$624,604 in fiscal 2015, which accounts for the bill's October 1, 2014 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 2015 and future years reflect 1% growth in plate costs;
- the cost of procuring registration plates from Maryland Correctional Enterprises by MVA is reduced by about \$617,104 in fiscal 2015; and
- the current cost to ship one registration plate, as opposed to two, decreases by \$0.40 and this savings remains the same in future years.

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:** Nonbudgeted revenues decrease significantly as the toll collection rate at MDTA facilities likely decreases significantly. MDTA advises that, although its electronic toll facilities photograph both the front and rear of the car, the identification rate is significantly lower for vehicles that only display one registration plate. MDTA has conducted an analysis of the effect of vehicles displaying only one registration plate on the rear of vehicles passing beneath its toll readers and advises that more than 2.3 million vehicles may not be charged the appropriate toll, resulting in a loss of about \$11.6 million in nonbudgeted revenues. However, the Department of Legislative Services advises that the actual revenue loss may be a fraction of this amount, as the bill pertains only to the issuance of registration plates, and many vehicles may continue to display two plates.

General fund revenues decrease significantly beginning in fiscal 2015 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 \$461,600 in fiscal 2015 and by about \$615,500 annually thereafter, which reflects the following assumptions:

- the number and percentage of violations resulting in a prepaid fine in fiscal 2015 and future years would otherwise remain constant at the average of fiscal 2011 through 2013 levels (10,827 and 74.1%);
- 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 2015 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 562 of 2013 received a hearing in the House Environmental Matters Committee, but no further action was taken. 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):** Department of State Police, Maryland Department of Transportation, National Conference of State Legislatures, Texas A&M Transportation Institute, Department of Legislative Services

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