

**Department of Legislative Services**  
 Maryland General Assembly  
 2015 Session

**FISCAL AND POLICY NOTE**

House Bill 61 (Delegates O'Donnell and Fisher)  
 Environment and Transportation

**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 \$564,800 in FY 2016, which reflects the bill’s effective date, and by more than \$760,500 beginning in FY 2017 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 2016 due to the elimination of penalties collected for driving with one registration plate, as discussed below.

| (in dollars)   | FY 2016     | FY 2017     | FY 2018     | FY 2019     | FY 2020     |
|----------------|-------------|-------------|-------------|-------------|-------------|
| GF Revenue     | (-)         | (-)         | (-)         | (-)         | (-)         |
| NonBud Rev.    | (-)         | (-)         | (-)         | (-)         | (-)         |
| SF Expenditure | (\$564,800) | (\$760,500) | (\$768,000) | (\$775,600) | (\$783,200) |
| Net Effect     | (-)         | (-)         | (-)         | (-)         | (-)         |

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

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

**Small Business Effect:** Minimal.

## 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.

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 2014, 19 states, including Delaware, Pennsylvania, and West Virginia, allow one registration plate to be issued for most vehicles. 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.

The Department of Public Safety and Correctional Services (DPSCS) advises that the Maryland Correctional Enterprises (MCE) currently provides employment to about 70 inmates at the license tag plant located at the Jessup Correctional Institution. The employment opportunity provided by the plant enhances safety and security at the institution by reducing idleness and improves employment opportunities for inmates upon release. DPSCS advises that a one-plate standard may jeopardize these goals.

**State Expenditures:** TTF expenditures may decrease by about \$564,846 in fiscal 2016, which accounts for the bill's October 1, 2015 effective date. This estimate reflects the savings from procuring and sending fewer registration plates. The information and assumptions used in calculating the estimate are stated below:

- 28,276 sets of plates were mailed to customers in fiscal 2014;
- the same number of plates are issued each year beginning in fiscal 2016;
- future years reflect 1% growth in plate costs;
- the cost of procuring registration plates from MCE by MVA is reduced by about \$556,363 in fiscal 2016; and
- the current cost to ship one 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.

**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 analyses of the effect of vehicles displaying only one registration plate on the rear of vehicles passing beneath its toll readers and, based on the average number of vehicles that would not have been charged the appropriate toll between fiscal 2013 and 2014 and based on the current toll rates, a single-plate standard could be expected to result in a loss of \$17.9 million in nonbudgeted revenues in the first full fiscal year. However, the Department of Legislative Services advises that the actual revenue loss may be a fraction of this estimated amount, as the bill pertains only to the *issuance* of new registration plates, and many vehicles may continue to display two plates for many years following the bill's effective date.

General fund revenues may also decrease significantly beginning in fiscal 2016 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 \$429,400 in fiscal 2016 and by about \$572,500 annually thereafter, which reflects the following assumptions:

- the number and percentage of violations resulting in a prepaid fine in fiscal 2016 and future years would otherwise remain constant at the average of fiscal 2011 through 2014 levels (10,081 and 74.2%);
- 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 2016 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 and result in a significant decrease in MDTA nonbudgeted toll facility revenues, as noted above. 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 327 of 2014, 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. HB 562 of 2013 received a hearing in the House Environmental Matters Committee, but no further action was taken. SB 332 of 2008 incorporated similar provisions; SB 332 received an unfavorable report from the Senate Judicial Proceedings Committee. Nearly identical bills were also introduced in the 2003 and 2001 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, Department of Public Safety and Correctional Services, Judiciary (Administrative Office of the Courts), National Conference of State Legislatures, Texas A&M Transportation Institute, Department of Legislative Services

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