

**Department of Legislative Services**  
 Maryland General Assembly  
 2016 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 88 (Delegate Chang)  
 Environment and Transportation

**Automated Motor Vehicles - Titling, Registration, and Rules of the Road**

This bill defines “automated motor vehicle” and incorporates an automated motor vehicle within the definition of “motor vehicle.” The bill prohibits an individual from operating an automated motor vehicle in automated mode on a highway unless the automated motor vehicle is properly titled and registered; the individual is in the driver’s seat; and the individual has the ability, if necessary, to take control of the automated motor vehicle. The bill also establishes the registration classification of automated motor vehicles, establishes the annual registration fee, and requires the Motor Vehicle Administration (MVA) to issue a special registration plate for such vehicles.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) expenditures increase by \$289,000 in FY 2017 only for MVA to contract with an outside vendor for computer reprogramming. TTF revenues may decrease minimally beginning in FY 2017, as discussed below. Likewise, special fund surcharge revenues may decrease beginning in FY 2017. A reliable estimate of the bill’s effect on revenues cannot be made at this time.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SF Revenue	(-)	(-)	(-)	(-)	(-)
SF Expenditure	\$289,000	\$0	\$0	\$0	\$0
Net Effect	(\$289,000)	(-)	(-)	(-)	(-)

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

**Local Effect:** Potential minimal decrease in local highway user revenues in the near term. If the number of automated motor vehicles registered increases in subsequent fiscal years, the impact on local highway user revenues may be greater.

**Small Business Effect:** None.

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## **Analysis**

**Bill Summary:** The bill defines “automated motor vehicle” as a motor vehicle on which automated technology has been installed that enables the motor vehicle to be operated without any control or monitoring by an individual.

The bill also establishes that, when registered with MVA, each automated vehicle is a Class S (automated) vehicle. For each automated vehicle, the annual registration fee is \$50.50. Upon registration of an automated vehicle, MVA must issue a special automated motor vehicle registration plate of the size and design that MVA determines.

**Current Law:** A “motor vehicle” is defined as a vehicle that is self-propelled or propelled by electric power obtained from overhead electrical wires and not operated on rails. Motor vehicles, with some exceptions, must be titled and registered.

Each vehicle registration is subject to a registration fee based on the vehicle classification. For context, a Class A (passenger) vehicle annual registration fee is \$50.50 for a vehicle with a manufacturer’s shipping weight of 3,700 pounds or less, and \$76.50 for a vehicle of more than 3,700 pounds. Most vehicle registration classes are also subject to an annual surcharge of \$17 payable to the Maryland Trauma Physician Services Fund and the Maryland Emergency Medical System Operations Fund.

**Background:** Self-driving, or autonomous, vehicles have been the subject of numerous development efforts around the world over the past several decades. More recently, several major automobile manufacturers and Google have unveiled plans to develop a self-driving vehicle for the commercial market, and several other automakers are considering adding certain features to make future model-year vehicles semi-autonomous or capable of assisting human drivers.

Nevada was the first state to enact legislation authorizing the use of self-driving vehicles in 2011 and issued its first license to Google in May 2012. Since then, five other states (California, Florida, Michigan, North Dakota, and Tennessee) and the District of Columbia have, as of January 2016, also enacted legislation related to self-driving vehicles. Legislation was introduced in 16 states in 2015, according to the National Conference of State Legislatures (NCSL), although only two of the bills were signed into law. According to NCSL, several issues that states are considering to accommodate the use of self-driving vehicles include liability, appropriate levels of insurance, cyber security, and the

application of distracted driving laws for the individual who engages the self-driving vehicle.

In January 2016, the U.S. Department of Transportation (DOT) announced policy guidance updating the National Highway Traffic Safety Administration's (NHTSA) 2013 preliminary policy statement on autonomous vehicles. DOT and NHTSA's updated policy is to facilitate and encourage the development and deployment of technologies with the potential to save lives. NHTSA will propose, within six months, best-practice guidance to industry on establishing principles of safe operation for fully autonomous vehicles.

**State Revenues:**

*Transportation Trust Fund:* TTF revenues may decrease beginning in fiscal 2017; any such impact is likely minimal – at least for the first few years of implementation. The impact depends on the total number of automated motor vehicles that register with MVA and the type of vehicle registration for which they would otherwise qualify. The difference between the annual registration fee under the bill (\$50.50) and the annual registration fee that would otherwise be charged under the current MVA fee structure is the expected revenue loss for MVA. Although MVA's fee schedule is based on annual fees, registration is biennial; thus, MVA collects double the annual fee with each registration. Moreover, the impact of any one vehicle registration at a lower fee than would otherwise be paid is cumulative, with a reduction in revenues every other year – not just in the year in which the vehicle is titled and initially registered. **Exhibit 1** shows the current distribution of vehicles by class as of fiscal 2015, as well as the registration fees for each class.

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**Exhibit 1**  
**Distribution of Vehicle Registrations by Class and Fees**  
**Fiscal 2015**

<u>Vehicle Class</u>	<u>Percent of Total</u>	<u>Annual Fee</u>
Class A passenger vehicle of up to 3,700 pounds	41.1%	\$50.50
Class A passenger vehicle of more than 3,700 pounds	5.2%	76.50
Class M multipurpose vehicle of up to 3,700 pounds	7.3%	50.50
Class M multipurpose vehicle of more than 3,700 pounds	21.0%	76.50
Class E truck (three-quarter tons rated capacity or less / 7,000 pounds or less	10.2%	63.75

Source: Maryland Department of Transportation; Department of Legislative Services

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MVA advises that a total of 4,950,019 vehicles are registered in the State. Of that amount, approximately 85% are registered as Class A (passenger vehicle); Class M (multipurpose vehicle); and Class E (truck). Assuming the distribution of new automated motor vehicles is similar to the current distribution, revenues decrease because several classes that automated motor vehicles would otherwise be registered as have higher registration fees than the \$50.50 annual registration fee established by the bill. However, if these vehicles would otherwise be registered as Class A or Class M vehicles weighing 3,700 pounds or less, then there is no impact on TTF revenues.

Even so, a reliable estimate of the reduction in TTF revenues cannot be made at this time due to considerable uncertainty regarding the number of automated motor vehicles that will apply for registration in future fiscal years. Any impact on TTF or other revenues is likely minimal as the bill is anticipated to apply to a very limited number of vehicles annually. It is unclear how many, if any, automated vehicles may apply for registration in Maryland in fiscal 2017 and the next several fiscal years, given the experimental nature of such vehicles at this time. To the extent that significant numbers of automated vehicles are titled and registered in Maryland under the bill in future fiscal years, the revenue impact for TTF may be more significant.

*Other Special Fund Surcharge Revenues:* The bill does not require Class S (automated) vehicles to be charged the \$17 annual fee for the Maryland Trauma Physician Services Fund/Maryland Emergency Medical System Operations Fund. This fee is also collected on a biennial basis. Thus, registration of any vehicles as Class S under the bill, rather than a class for which the surcharge is applied (Class A, Class B, Class C, Class D, Class E, Class F, Class H, Class J, Class M, Class P, Class Q, and Class R) results in a revenue loss for those special funds. Section 13-954 of the Transportation Article, however, allows imposition of the surcharge on any other class designated by the MVA Administrator; if designated as a class for which the surcharge would be imposed, there is no revenue loss for the funds.

**State Expenditures:** TTF expenditures increase by \$289,000 in fiscal 2017 only for MVA to contract with an outside vendor for computer reprogramming. Additional internal computer reprogramming changes can be handled with existing resources. MVA advises that design of the special registration plate can likewise be handled with existing resources.

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### **Additional Information**

**Prior Introductions:** SB 773 of 2014, a similar bill, received an unfavorable report from the Senate Judicial Proceedings Committee.

**Cross File:** None.

**Information Source(s):** Department of State Police, Maryland Department of Transportation, National Conference of State Legislatures, National Highway Traffic Safety Administration, U.S. Department of Transportation, Department of Legislative Services

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Analysis by: Eric Pierce

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510