

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 Third Reader

House Bill 1150 (Delegates McMillan and Folden)
 Environment and Transportation

Judicial Proceedings

Vehicle Laws - Off-Highway Recreational Vehicles

This bill alters the definition of “off-highway recreational vehicle” (OHRV) to include a “side-by-side utility vehicle.” In addition, the bill reduces the titling fee for OHRVs from \$100 to \$35.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decline by approximately \$125,900 in FY 2018, reflecting the bill’s October 1, 2017 effective date. In future years, TTF revenues decline by approximately \$167,900. Expenditures are not materially affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	(\$125,900)	(\$167,900)	(\$167,900)	(\$167,900)	(\$167,900)
Expenditure	0	0	0	0	0
Net Effect	(\$125,900)	(\$167,900)	(\$167,900)	(\$167,900)	(\$167,900)

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

Local Effect: Local highway user revenues decrease minimally beginning in FY 2018 due to the decrease in titling tax revenue. Expenditures are not affected.

Small Business Effect: None.

Analysis

Bill Summary: Under the bill, the definition of “off-highway recreational vehicle” is expanded to include a motor-assisted or motor-driven vehicle that travels on four or more

tires and is intended for use by one or more persons. In addition, the vehicle must have certain features, including:

- a steering wheel;
- a roll-over protective structure;
- an occupant retention system;
- nonstraddle seating;
- a maximum speed capability exceeding 30 miles per hour;
- an overall width of less than 80 inches (not including accessories); and
- an engine displacement of less than 1,000 cubic centimeters.

Current Law: An OHRV is defined as (1) a motor-assisted or motor-driven vehicle that is commonly known as an all-terrain vehicle; (2) a motorcycle that is designed for off-highway operation and is not eligible for registration as a Class D (motorcycle) vehicle, commonly known as a dirt bike; or (3) a snow mobile. An OHRV does not, however, include (1) a farm vehicle that is owned by a farmer and meets specified requirements or (2) any vehicle used on residential property for landscaping, gardening, or lawn care.

Certificates of title are generally \$100. However, the title fee for rental vehicles and motor scooters is \$50 and \$20, respectively. In addition, if a joint owner of a vehicle dies, the Motor Vehicle Administration (MVA) is prohibited from charging a fee for a new title issued to another joint owner who is the surviving spouse.

OHRVs are not required to be registered with MVA and, thus, may not be driven on any highway in the State. If a person is convicted of driving an unregistered vehicle that involved the use of an OHRV on a highway, the court is required to notify MVA of the violation. The prepayment penalty set by the District Court for this violation is \$290.

State Revenues: According to MVA, in fiscal 2016, there were a total of 2,798 OHRVs titled with the administration at \$100 per title. Thus, TTF titling revenues for OHRVs totaled \$279,800. Assuming the same number of titling transactions in future years, under the bill, TTF titling revenues decline by \$181,870 annually.

However, the bill also expands the definition of OHRV to include side-by-side utility vehicles. Thus, under the bill, additional vehicles are required to be titled that are not otherwise required to be. MVA advises that it anticipates about 400 side-by-side utility vehicles to be titled each year as a result of the bill (*i.e.*, about a 14% increase in OHRV title transactions annually). Thus, TTF revenues simultaneously increase by \$14,000 annually under the bill.

The net change in TTF revenues is estimated at \$167,870 annually. Accounting for the bill's October 1, 2017 effective date, TTF revenues decline by \$125,903 in fiscal 2018. If more side-by-side utility vehicles are titled than anticipated, the effect on TTF revenues may be mitigated. Likewise, if fewer side-by-side utility vehicles are titled than MVA anticipates, the effect on revenues is more significant.

Because OHRVs are not required to be registered with MVA, registration revenues are not affected. **Exhibit 1** shows how TTF revenues under current law compare to those under the bill.

Exhibit 1
Annual Titling Fee Revenues
Under Current Law and the Bill

	<u>Current Law</u>	<u>Under the Bill</u>
Number of OHRVs Already Subject to Titling	2,798	2,798
Number of Side-by-side Utility Vehicles to Be Titled	-	400
Titling Fee	\$100	\$35
Annual TTF Revenues	\$279,800	\$111,930
Change in TTF Revenues under the Bill		(\$167,870)

OHRV: off-highway recreational vehicle
TTF: Transportation Trust Fund

Source: Motor Vehicle Administration; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources, Department of State Police, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2017
md/ljm Third Reader - March 16, 2017

Analysis by: Eric Pierce

Direct Inquiries to:
(410) 946-5510

(301) 970-5510