

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1011 (Delegate Impallaria, *et al.*)
 Environment and Transportation

Vehicle Laws - Special Registration Plate - Thin Blue Line

This bill requires the Motor Vehicle Administration (MVA), in consultation with the Department of State Police, to develop and make available a special registration plate (designated as the “Thin Blue Line” registration plate) honoring fallen law enforcement officers. The bill establishes a one-time fee to be set to recover the costs of issuing the plate, as well as an initial and renewal fee set by MVA for distribution to the Edward T. Conroy and Jean B. Cryor Scholarship Fund. No portion of the fees collected may be distributed to the Gasoline and Motor Vehicle Revenue Account.

Fiscal Summary

State Effect: Special fund expenditures increase by approximately \$193,700 in FY 2019 for costs associated with making the plate available under the assumptions discussed below. Special fund revenues increase by about \$132,000 in FY 2019 due to the one-time cost-recovery fee established under the bill and the additional fee that benefits the scholarship fund. Although special fund expenditures increase for scholarship awards, that impact is not reflected below.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SF Revenue	\$132,000	\$66,000	\$106,000	\$86,000	\$126,000
SF Expenditure	\$193,700	\$45,300	\$12,600	\$12,600	\$12,600
Net Effect	(\$61,700)	\$20,700	\$93,400	\$73,400	\$113,400

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: To be eligible to receive a specially designed registration plate, the vehicle for which the plate is to be affixed must be a Class A (passenger), Class D (motorcycle), Class E (truck with a rated capacity of one ton or less), Class F (farm truck), or Class M (multipurpose) vehicle. The registration plate must be designed to include the words “Thin Blue Line.”

The bill also clarifies that the owners of vehicles that are exempt from paying vehicle registration fees are exempt from the registration fees established by the bill.

MVA must consult with the Maryland Higher Education Commission (MHEC) on (1) setting the initial/renewal fee charged at a level intended to encourage the purchase of the plate while also providing a continuous revenue source to benefit the scholarship fund and (2) establishing a schedule under which MVA will transfer to MHEC revenue collected on behalf of the scholarship fund.

MVA is authorized to adopt regulations to carry out the bill.

Current Law/Background:

Special Registration Plates

Special registration plates, which include an unusual feature such as an emblem or logo depicting an organization, are available for eligible vehicles with payment of an additional fee. Special registration plates are also transferrable in some instances. MVA issues several types of special commemorative geographical, historical, natural resource, and environmental registration plates (such as the Chesapeake Bay and Maryland agriculture plates), as well as numerous organizational registration plates. According to the National Conference of State Legislatures, as of June 2016, Maryland issued more than 700 special registration plates – more than any other state.

Edward T. and Mary A. Conroy Memorial Scholarship

The Edward T. and Mary A. Conroy Memorial Scholarship awards postsecondary education financial assistance to several categories of students – including a child, stepchild, or surviving spouse of members of the U.S. Armed Forces or State or local public safety employees who died in the line of duty or suffered a 100% permanent disability sustained in the line of duty. The child or surviving spouse of a victim of the September 11, 2001, terrorist attacks is also eligible for an Edward T. Conroy Memorial Scholarship. A “State or local public safety employee” is defined as a career or volunteer member of a fire department, ambulance company or squad, or rescue company or squad;

a law enforcement officer; a correctional officer; or a member of the Maryland National Guard who was a resident of this State at the time of death. Individuals eligible for a scholarship must be awarded at least \$3,000 annually to attend a postsecondary institution in the State for five years of full-time study or eight years of part-time study.

Postsecondary institutions verify eligibility and award scholarships to eligible students. In October and February of each year, each postsecondary institution must report to MHEC the number of students eligible for an Edward T. Conroy Memorial Scholarship. After verifying the number of eligible students for the program, MHEC must allocate the funds for awards to the postsecondary institutions. If funds cannot be allocated in the fiscal year in which awards are made, priority must be given to allocating funds for those awards in the following fiscal year.

An applicant must be a resident of Maryland or have been a resident of the State at the time of the event that made the applicant primarily eligible for the scholarship. Likewise, an applicant must be accepted for admission or enrolled in the regular undergraduate, graduate, or professional program at an eligible institution or be enrolled in a two-year terminal certificate program in which the course work is acceptable for transfer credit for an accredited baccalaureate program.

Awards may not exceed tuition and mandatory fees of a full-time undergraduate Maryland resident at a four-year institution within the University System of Maryland, other than the University of Maryland University College and the University of Maryland, Baltimore Campus, with the highest annual expenses for a full-time resident undergraduate. Awards also may not be less than \$3,000 or the equivalent annual tuition and mandatory fees of the institution attended by the recipient of the scholarship, whichever is the least. Scholarships may be used at private or public four-year institutions or community colleges, and they may be used for undergraduate or graduate study.

State Fiscal Effect:

Issuance of Special Registration Plates

Transportation Trust Fund (TTF) expenditures increase by \$193,738 in fiscal 2019 for producing and procuring the new special registration plate, contractual reprogramming costs, postage, and one contractual employee (for the first two years). The estimate accounts for the bill's October 1, 2018 effective date.

Contractual Position	1
Computer Programming – Outside Vendor	\$144,000
Contractual Salary and Fringe Benefits	24,518
Registration Plates	19,300
Postage	<u>5,920</u>
MVA FY 2019 State Expenditures	\$193,738

The estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act. The contractual position terminates after fiscal 2020. Thereafter, ongoing costs reflect those associated with producing and procuring the plates and postage.

This estimate assumes that 1,000 owners of vehicles that are newly registered choose to obtain the special registration on an annual basis (with 750 doing so in fiscal 2019) and that 1,250 owners of vehicles that are already registered choose to obtain the special registration plate in fiscal 2019 before the end of their biennial registration period.

TTF revenues increase by about \$92,000 in fiscal 2019. Under the scenario above, and assuming eventual cost recovery, MVA advises that it has to set the fee for the plate at \$46. The cost-recovery fee is based on the five-year total of estimated expenditures and the assumed demand for plates.

The Department of Legislative Services advises that, to the extent the demand for these plates is significantly greater than under the assumptions made by MVA, the fee may be reduced; conversely, to the extent the demand for these plates is lower than assumed, MVA may need to raise the cost-recovery fee.

Maryland Higher Education Commission – Scholarship Fund

The bill requires MVA to consult with MHEC to determine the amount of the additional fee to be charged under the bill. That fee must be set at a level that will both encourage the purchase of the special registration plate and provide a continuous revenue source to benefit the Edward T. Conroy and Jean B. Cryor Scholarship Fund. MVA anticipates setting the fee to benefit the scholarship fund at \$20. **Exhibit 1** shows the additional scholarship revenue under the bill, as determined using the assumptions discussed above.

MHEC advises that the scholarship is fully subscribed and that the program has relied not only on its general fund appropriation but also special funding transferred from the Need-based Student Assistance Fund.

Exhibit 1
Special Registration Plate Revenue to Benefit the
Edward T. Conroy and Jean B. Cryor Scholarship Fund
Fiscal 2019-2023

Registrations for the New Plate

<u>Fiscal Year</u>	<u>Initial</u>	<u>Renewal</u>	<u>Total</u>	<u>Additional</u> <u>Fee</u>	<u>Total</u> <u>Revenue</u>
2019	2,000		2,000	\$20	\$40,000
2020	1,000		1,000	20	20,000
2021	1,000	2,000	3,000	20	60,000
2022	1,000	1,000	2,000	20	40,000
2023	1,000	3,000	4,000	20	80,000
Total					\$240,000

Notes: "Initial" issuance in fiscal 2019 encompasses 750 new registrations as well as 1,250 registrations shifting to the newly available plate. Otherwise, the revenue projections assume issuance of 1,000 new registration plates annually, with issuance beginning October 1, 2018, and setting the additional fee that benefits the scholarship fund at \$20. That fee is also paid at renewal of the registration.

Source: Motor Vehicle Administration; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission; Department of State Police; Maryland Department of Transportation; Department of Legislative Services

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Analysis by: Eric F. Pierce

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