

Department of Legislative Services  
 Maryland General Assembly  
 2018 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1265 (Delegate P. Young)  
 Environment and Transportation

Vehicle Registration - Special Plates for Honorably Discharged Veterans

This bill requires the Motor Vehicle Administration (MVA) to develop and make available a special registration plate for honorably discharged veterans of a branch of the armed forces of the United States. The bill also establishes an additional registration fee (set by MVA) that must (1) enable MVA to recover its costs and (2) be sufficient to result in a surplus after costs are subtracted. Any surplus money and money collected for additional renewal fees must be credited to the Maryland Veterans Trust Fund. No portion of the additional fees collected may be distributed to the Gasoline and Motor Vehicle Revenue Account. **The bill takes effect July 1, 2018.**

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) expenditures increase by \$165,700 in FY 2019 for costs associated with making the plate available under the assumptions discussed below. TTF and other special fund revenues increase by \$56,300 in FY 2019 due to the one-time cost-recovery fee established under the bill and an additional fee that benefits the Maryland Veterans Trust Fund. Special fund expenditures also increase for the Maryland Veterans Trust Fund, but that impact is not reflected below. Out-years reflect new registrations and biennial renewal.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SF Revenue	\$56,300	\$25,000	\$70,000	\$45,000	\$90,000
SF Expenditure	\$165,700	\$9,700	\$9,700	\$9,700	\$9,700
Net Effect	(\$109,500)	\$15,400	\$60,400	\$35,400	\$80,400

*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, an applicant must provide satisfactory proof to MVA that the applicant is an honorably discharged veteran of a branch of the armed forces of the United States.

The vehicle for which the plate is to be affixed must be a Class A (passenger), Class E (truck with a rated capacity of one ton or less), Class G (trailer), or Class M (multipurpose) vehicle.

The registration plate (1) may consist of any combination of letters, numerals, or both and (2) must include words or an emblem or logo indicating that the special registration plate holder is an honorably discharged veteran.

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 adopt regulations to carry out the bill.

**Current Law/Background:** The contribution of the U.S. Armed Forces is recognized through several provisions within the Maryland Vehicle Law. Specifically, Maryland has exemptions from registration fees for veterans with certain disabilities and vehicles owned by national veterans' organizations as well as *special registration plates for honorably discharged veterans*; recipients of individually earned, combat-related, U.S. Armed Forces medals; and recipients of a U.S. Department of Defense Gold Star indicating status as a surviving spouse, parent, or next of kin of a member of the U.S. Armed Forces who lost his/her life in combat.

### *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.

*Maryland Veterans Trust Fund*

Chapter 742 of 2009 established the Maryland Veterans Trust Fund, which consists of gifts, donations, and grants received by the Maryland Veterans Administration (MDVA). Additionally, the Comptroller must deposit 10% of the money that remains in the State Lottery Fund from the proceeds of ticket sales from instant ticket lottery machines by specified veterans' organizations into the fund. Money in the fund may be used to make grants and loans to veterans and their families and support public and private programs that serve veterans in the State. Money in the fund may also be used to invest in general obligations of the State or other securities and pay for the cost of administering the fund. Money expended from the fund is supplemental to and not intended to take the place of funding otherwise appropriated to MDVA.

**State Fiscal Effect:**

*Issuance of Special Registration Plates*

As MVA already issues a special registration plate for honorably discharged veterans, but without a distribution of revenues to the Maryland Veterans Trust Fund, MVA advises it will generally use the processes for the existing plate to produce and procure the special registration plate required under this bill. As the bill does not repeal the authorization for the existing plate, this analysis assumes additional costs related to the new plate. Accordingly, TTF expenditures increase by \$165,713 in fiscal 2019, primarily for contractual reprogramming costs.

Computer Programming – Outside Vendor	\$144,000
Registration Plates	<u>21,713</u>
<b>MVA FY 2019 State Expenditures</b>	<b>\$165,713</b>

Thereafter, ongoing costs reflect only those associated with producing and procuring the plates.

This estimate assumes that 1,000 owners of newly registered vehicles choose to obtain the newly available special registration plate on an annual basis and that 1,250 owners of vehicles that are already registered choose to obtain the newly available special registration plate in fiscal 2019 before the end of their biennial registration period to benefit the trust fund. All such transactions are assumed to be handled in person so that the vehicle owners may provide the appropriate proof of eligibility.

Under the scenario above, and assuming eventual cost recovery, MVA advises that it has to set the *initial* fee at \$25 (with \$22 retained by TTF for cost recovery and \$3 earmarked for the Maryland Veterans Trust Fund). The cost-recovery fee is based on the 10-year total

of estimated expenditures and the assumed demand for plates. For registration *renewals*, MVA anticipates charging a \$20 fee, all of which will be deposited to the Maryland Veterans Trust Fund.

In fiscal 2019, TTF revenues increase by \$49,500 and special fund revenues for the Maryland Veterans Trust Fund increase by \$6,750.

The Department of Legislative Services advises that, to the extent the demand for these newly available special registration plates is significantly greater than under the assumptions made by MVA, the cost-recovery fee may be reduced and the Maryland Veterans Trust Fund fee may be increased; conversely, to the extent the demand for these plates is lower than assumed, MVA may need to raise the cost-recovery fee.

*Maryland Veterans Trust Fund*

The bill requires MVA to set the additional initial registration fee at a level that enables it to recover its costs and is sufficient to result in a surplus after subtracting costs. In addition, the additional fee at renewal must be credited entirely to the Maryland Veterans Trust Fund. This analysis assumes that \$3 of the initial registration fee is credited to the fund and that \$20 is credited to the fund each time a registration is renewed. **Exhibit 1** shows the additional revenue for the fund under the bill, as determined using the assumptions discussed above.

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**Exhibit 1**  
**Special Registration Plate Revenue to Benefit the Maryland Veterans Trust Fund**  
**Fiscal 2019-2023**

<u>Fiscal Year</u>	<u>Registrations</u>			<u>Additional Fees</u>		<u>Total Revenue</u>
	<u>Initial</u>	<u>Renewal</u>	<u>Total</u>	<u>Initial</u>	<u>Renewal</u>	
2019	2,250		2,250	\$3	20	\$6,750
2020	1,000		1,000	3	20	3,000
2021	1,000	2,250	3,250	3	20	48,000
2022	1,000	1,000	2,000	3	20	23,000
2023	1,000	3,250	4,250	3	20	68,000

Notes: “Initial” issuance in fiscal 2019 encompasses 1,000 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 July 1, 2018.

Source: Motor Vehicle Administration; Department of Legislative Services

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation; Maryland Department of Veterans Affairs; Department of Legislative Services

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