

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

Senate Bill 606

(Senators Edwards and Serafini)

Budget and Taxation

Environment and Transportation and
 Ways and Means

Off-Highway Recreational Vehicles - Excise Titling Tax - Off-Highway
 Recreational Vehicle Trail Fund

This bill establishes the Off-Highway Recreational Vehicle Trail Fund for the purpose of maintaining and constructing trails for off-highway recreational vehicles on specified land that is owned or leased by the Department of Natural Resources (DNR). The fund consists of 50% of the revenue generated from the excise tax imposed on off-highway recreational vehicles (25% in fiscal 2019 only) and any money appropriated for the fund in the State budget. Money expended from the fund is supplemental to and is not intended to replace funding that would otherwise be appropriated for maintaining and constructing trails for off-highway recreational vehicles. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: Special fund revenues and expenditures at DNR increase by about \$375,000 in FY 2019 and by \$750,000 annually beginning in FY 2020. Transportation Trust Fund (TTF) revenues decrease by \$375,000 in FY 2019 and by \$750,000 annually beginning in FY 2020.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SF Revenue	\$0	\$0	\$0	\$0	\$0
SF Expenditure	\$375,000	\$750,000	\$750,000	\$750,000	\$750,000
Net Effect	(\$375,000)	(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)

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

Local Effect: Local highway user revenues decrease by \$23,600 in FY 2019 and by \$47,300 annually beginning in FY 2020. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law:

Department of Natural Resources

The Secretary of Natural Resources is required to promulgate rules and regulations concerning the operation of off-road vehicles on DNR lands. Additionally, revenues generated from the department's annual off-road vehicle registration fee must be used to acquire and maintain areas for off-road vehicle use by the general public. Off-road vehicles registered with the Motor Vehicle Administration (MVA) are exempt from purchasing a permit from DNR when using specified DNR public lands.

Vehicle Excise Tax

The motor vehicle excise tax is collected on both new and used vehicles sold in the State. The tax is more commonly referred to as a "titling tax," and it is collected for each certificate of title that is issued for motor vehicles, trailers, semitrailers, mopeds, motor scooters, and off-highway recreational vehicles for which sales and use tax is not collected at the time of purchase. A tax of 6% is generally imposed on the fair market value of the vehicle, less an allowance for a vehicle that is traded in. All excise tax revenues are remitted to TTF with a portion distributed to local governments as local highway user revenues. In fiscal 2017, \$1.3 million in motor vehicle excise tax revenue was collected from off-road vehicles.

Background: In July 2017, the Maryland Forest Service opened an off-road vehicle trail and campground at Savage River State Forest near the town of Finzel in Garrett County. The trail is the first trail on DNR lands that is designed specifically for off-road vehicles. Users must have a vehicle that is registered with the Motor Vehicle Administration (MVA) or DNR. The fiscal 2018 budget includes an estimated \$68,200 for the operational expenses associated with the trail.

State Fiscal Effect: Based on fiscal 2017 excise tax revenues, DNR special fund revenues and expenditures will increase by \$375,000 in fiscal 2019 and by \$750,000 annually beginning in fiscal 2020. TTF revenues decrease by a corresponding amount beginning in fiscal 2019. TTF expenditures may increase minimally in fiscal 2019 due to MVA programming expenditures.

Local Revenues: Local governments receive a portion of TTF revenues in the form of local highway user revenues for the purpose of constructing and maintaining local roads. Accordingly, local highway user revenues will decrease by \$23,600 in fiscal 2019 and by \$47,300 annually beginning in fiscal 2020.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources; Maryland Department of Transportation; Department of Legislative Services

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