

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 54 (Delegates Carr and Moon)
 Environment and Transportation

Vehicle Laws - Registration Renewal - Late Fee

This bill authorizes the Motor Vehicle Administration (MVA) to charge a late fee of up to \$25 for the renewal of a registration that occurs more than one week after the registration has expired.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues increase by approximately \$3.6 million in FY 2021 and \$4.7 million annually thereafter. TTF expenditures increase by about \$489,600 in FY 2021, primarily for capital grants to local jurisdictions. From FY 2022 through 2024, capital grant expenditures total about \$639,100 annually. However, beginning in FY 2025, grant expenditures only increase by about \$454,500.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SF Revenue	\$3,550,800	\$4,734,400	\$4,734,400	\$4,734,400	\$4,734,400
SF Expenditure	\$489,600	\$639,100	\$639,100	\$639,100	\$454,500
Net Effect	\$3,061,200	\$4,095,200	\$4,095,200	\$4,095,200	\$4,279,900

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

Local Effect: Local highway user revenues distributed through the Gasoline and Motor Vehicle Revenue Account (GMVRA) increase by approximately \$479,400 in FY 2021 and \$639,100 between FY 2022 and 2024. However, beginning in FY 2025, revenues only increase by about \$454,500. Expenditures are assumed to increase correspondingly.

Small Business Effect: Potential minimal.

Analysis

Current Law/Background: Fees for the registration of a classified vehicle (or for any interchangeable registration) must be paid to MVA (1) before issuance of the registration and any registration plates and registration cards and (2) during each registration year before issuance or renewal of the registration, except as otherwise specified.

Currently, a vehicle owner may renew a registration that is more than one week overdue – but less than 11 months overdue – at a kiosk or over the Internet. If the registration is overdue by 11 months or more, the owner can only renew the registration in person at an MVA branch. There is no late fee or other penalty associated with renewing a registration past the renewal date.

Transportation Trust Fund

TTF is a nonlapsing special fund that provides funding for transportation. It consists of tax and fee revenues, operating revenues, bond proceeds, and fund transfers. The Maryland Department of Transportation (MDOT) issues bonds backed by TTF revenues and invests the TTF fund balance to generate investment income. The Maryland Transit Administration, MVA, Maryland Port Administration, and Maryland Aviation Administration generate operating revenues that cover a portion of their operating expenditures. After meeting debt service requirements, MDOT may use funds in TTF for any lawful purpose related to the exercise of its rights, powers, duties, and obligations.

Highway User Revenues

TTF provides local transportation aid through GMVRA. Currently, the revenues dedicated to the account include all or some portion of the motor vehicle fuel tax, vehicle titling tax, vehicle registration fees, short-term vehicle rental tax, and State corporate income tax.

MDOT must provide a portion of total GMVRA revenues to counties, municipalities, and Baltimore City through capital transportation grants each year. From fiscal 2020 through 2024, amounts equivalent to 13.5% of the revenue allocated to GMVRA must be provided to local governments through capital transportation grants as follows: Baltimore City (8.3%); counties (3.2%); and municipalities (2.0%).

Beginning in fiscal 2025, amounts equivalent to 9.6% of the revenue allocated to GMVRA must be provided to local governments through capital transportation grants as follows: Baltimore City (7.7%); counties (1.5%); and municipalities (0.4%); this distribution is equivalent to the GMVRA distribution to localities prior to fiscal 2020. The capital grants may only be appropriated if all debt service requirements and MDOT operating expenses have been funded and sufficient funds are available to fund the capital program.

State/Local Fiscal Effect: MVA advises that approximately 189,400 registrants annually are expected to be affected by the bill. This figure is based on an average of late registrations over the past four years. Assuming MVA charges the full \$25 late fee authorized by the bill – and taking into account the bill’s October 1, 2020 effective date – TTF revenues increase by approximately \$3.6 million in fiscal 2021. In subsequent years, TTF revenues are expected to increase by about \$4.7 million annually. This estimate assumes the number of individuals who register late each year remains at a constant level, and that the late fee has a minimal deterrent effect. To the extent the fee encourages greater compliance with registration renewal deadlines, revenues increase less significantly.

MVA advises that reprogramming is required in order to implement the bill. In fiscal 2021 only, TTF expenditures increase by approximately \$10,200 in order to contract with an outside vendor to make the necessary changes.

As noted above, a portion of fees related to vehicle registrations is shared with local jurisdictions through GMVRA. Therefore, capital grants to localities increase under the bill. However, the fiscal impact for individual jurisdictions is not anticipated to be significant on an annual basis. To the extent jurisdictions receive additional capital grants under the bill, capital expenditures increase correspondingly.

Appendix 1 shows the overall impact of the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: First Reader - January 28, 2020
mr/ljm

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Appendix 1
Summary of Fiscal Impact of the Bill on Revenues and Expenditures
Fiscal 2021-2025

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Transportation Trust Fund					
TTF Late Registration Fee Revenues	\$3,550,781	\$4,734,375	\$4,734,375	\$4,734,375	\$4,734,375
TTF Expenditures					
GMVRA Distribution to Local Jurisdictions	479,355	639,141	639,141	639,141	454,500
Programming Changes	10,200				
Net Effect on TTF	\$3,061,226	\$4,095,234	\$4,095,234	\$4,095,234	\$4,279,875
GMVRA Revenues (Local Highway User Revenues)	\$479,355	\$639,141	\$639,141	\$639,141	\$454,500

TTF: Transportation Trust Fund
GMVRA: Gasoline and Motor Vehicle Revenue Account

Source: Motor Vehicle Administration; Department of Legislative Services
