

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 774 (Delegate Hornberger, *et al.*)
 Environment and Transportation

Motor Vehicles - Certificate of Title Fees - Zero-Emission Plug-In Electric Drive Vehicles

This bill increases the fee charged by the Motor Vehicle Administration (MVA) for the issuance of a certificate of title for zero-emission plug-in electric drive vehicles. Under the bill, the fee for such certificates of title is set at \$200 (rather than \$100 under current law).

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues increase by *at least* \$1.6 million in FY 2025 and *at least* \$2.1 million annually thereafter. TTF revenues likely increase further due to anticipated growth in the number of titling transactions for zero-emission plug-in electric drive vehicles, which is not reflected below but is discussed later. Reprogramming can be handled with existing resources. State expenditures (assumed to be primarily general and special funds) increase minimally beginning in FY 2025.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$1,596,500	\$2,128,600	\$2,128,600	\$2,128,600	\$2,128,600
GF/SF Expenditure	-	-	-	-	-
Net Effect	\$1,596,500	\$2,128,600	\$2,128,600	\$2,128,600	\$2,128,600

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

Local Effect: Local expenditures increase minimally beginning in FY 2025, as discussed below. Revenues are not affected.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Generally, the fee for each certificate of title is \$100. However, the fee is lower for rental vehicles (\$50), off-highway recreational vehicle (\$35), and motor scooters

or mopeds (\$20). For a trailer with a gross vehicle weight of 3,000 pounds or less, the transfer fee is \$50 if (1) the trailer is transferred to a specified family member and (2) no money or other valuable consideration is involved in the transfer.

State Revenues: MVA advises that, in fiscal 2023, 21,286 plug-in electric vehicles obtained a certificate of title at a cost of \$100 each (resulting in \$2,128,600 in TTF revenues). As the bill doubles the titling fee (from \$100 to \$200), TTF revenues from that source are assumed to likewise double to be at least \$4,257,200 annually, an increase of *at least* \$2,128,600 annually. However, in fiscal 2025 only, TTF revenues increase by *at least* \$1,596,450 (due to the bill’s October 1, 2024 effective date).

MVA notes that the number of plug-in electric vehicles is growing rapidly and is expected to continue to do so in future years. Taking into account forecasted sales over the next five years (and excluding duplicate or corrected titles, which are not modified by the bill), MVA anticipates as many as 36,287 certificates of title may be issued in fiscal 2025, with approximately three-quarters of them subject to the higher fee established by the bill that year (which accounts for the bill’s October 1, 2024 effective date). Under these assumptions, TTF revenues could instead increase by approximately \$2.7 million in fiscal 2025. Assuming the number of plug-in electric drive vehicles continues to increase as forecasted, TTF revenues under the bill could increase by almost \$7.0 million by fiscal 2029.

Exhibit 1
Potential Volume of Certificates of Title for Plug-in Electric Vehicles and
Related Additional Titling Fee Revenues under the Bill
Fiscal 2025-2029

<u>Fiscal Year</u>	<u>Certificates of Title</u>	<u>Potential Additional Titling Fee Revenues</u>
2025	36,287	\$2,721,525
2026	43,908	4,390,800
2027	51,812	5,181,200
2028	60,101	6,010,100
2029	69,117	6,911,700

Note: The volume of certificates of title issued in fiscal 2025 reflects the total for the year, while the additional revenue for fiscal 2025 reflects only three-quarters of the certificates of title being affected by the higher fee due to the bill’s effective date of October 1, 2024.

Source: Maryland Department of Transportation; Department of Legislative Services

State Expenditures: Any State purchases of zero-emission plug-in electric drive vehicles are subject to the higher titling fee beginning in fiscal 2025. Accordingly, State expenditures (assumed to be primarily general and special funds) increase by \$100 for each such vehicle titled. As the State is expanding its fleet of such vehicles, the impact is greater in years with more zero-emission plug-in electric drive vehicle purchases.

Local Expenditures: Local governments that purchase zero-emission plug-in electric drive vehicles are subject to the higher titling fee beginning in fiscal 2025. Local expenditures increase by \$100 for each such vehicle titled.

Small Business Effect: Small businesses that purchase and title plug-in electric drive vehicles are affected by the higher fee.

Additional Comments: This analysis assumes the additional revenue from the fee is retained by TTF under cost-recovery provisions and is not subject to a portion of it being distributed through the Gasoline Motor Vehicle Revenue Account as highway user revenue capital grants.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

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