

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 1231 (Delegate Muse. *et al.*)  
Ways and Means

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Vehicle Laws - Collection of Excise Tax

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This bill requires the Motor Vehicle Administration (MVA) to request additional specified information from an applicant for a certificate of title or registration in order to substantiate the purchase price of a used vehicle that was used to determine the excise tax. The MVA may only request the additional information if the purchase price of the used vehicle is 20% below the fair market value for the vehicle as shown by the national publication of used car values adopted for use by the MVA. If the applicant fails to provide the requested information, the MVA may assess the excise tax based on the fair market value in the publication.

This bill is effective January 1, 1999.

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Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) expenditures would increase by \$25,000 in FY 1999, exclusive of computer reprogramming. Future years reflect annualization and inflation. Revenues could increase by an indeterminate amount.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
SF Revenues	--	--	--	--	--
SF Expenditures	\$25,000	\$50,500	\$51,000	\$51,500	\$52,000
Net Effect	(\$25,000)	(\$50,500)	(\$51,000)	(\$51,500)	(\$52,000)

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

**Local Effect:** Potential indeterminate increase in revenue.

**Small Business Effect:** None.

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Fiscal Analysis

**State Effect:** The MVA advises that it will install an automated used vehicle pricing file in its computer system in order to prevent time consuming manual searches for the fair market value of a vehicle by MVA employees. The system will be upgraded monthly and is expected to cost approximately \$50,000 annually.

The MVA advises that computer programming expenditures could increase by an additional \$50,000 to modify the computer programs to access the pricing file. The Department of Legislative Services (DLS) advises that if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce computer programming costs associated with this bill and other legislation affecting the MVA system. Further, DLS advises that the increased computer expenditure is simply an estimate and the MVA may be able to handle the changes with either less money than it estimates or existing resources.

Depending upon the number of vehicles that are sold at a price that is more than 20% below the fair market value, TTF revenues could increase. Information is not available on which to base an estimate of any increase.

**Local Revenues:** Local governments receive 24% of excise tax revenues. To the extent that additional tax revenue is collected as a result of the bill, local revenues would increase.

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**Information Source(s):** Department of Transportation (Motor Vehicle Administration),  
Department of Legislative Services

<b>Fiscal Note History:</b>	First Reader - March 1, 1998
tlw	Revised - House Third Reader - April 1, 1998

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