

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 548 (Delegate Benson. *et al.*)
Commerce and Government Matters

and Budget and Taxation

Vehicle Laws - Improperly Registered Motor Vehicles -
Registration Enforcement Program

This bill establishes the Motor Vehicle Registration Enforcement Fund as a special nonlapsing fund from which grants may be made to law enforcement agencies to target motor vehicles improperly registered out-of-state. The fund will be administered by the the State Police which will receive 10% of the total revenue credited to the fund each year to offset costs not to exceed \$40,000. The fund will consist of: (1) \$400,000 annually from administrative penalties collected from vehicle owners without the proper security coverage; (2) any earnings from investments by the fund; and (3) any money accepted for the benefit of the fund from any governmental or private source.

The Secretary of the State Police must report to the Governor and to the General Assembly by March 1, 2000 and by March 1 on each year thereafter on the progress of the fund. This bill is effective July 1, 1998 and remains effective for five years until June 30, 2003. Any balance remaining in the fund at the termination date will be transferred to the Transportation Trust Fund.

Fiscal Summary

State Effect: Special fund expenditures increase by \$28,420 in FY 1999 for additional personnel to administer the program. Annualized costs will be approximately \$34,000 for each year of the program. Potential significant increase in special fund and general fund revenues due to the increased enforcement efforts. General fund revenues could decrease by \$400,000 annually with an offsetting increase in special fund revenues. Potential indeterminate increase in computer reprogramming costs.

Local Effect: Revenues could increase to the extent that grants are applied for and subsequently awarded from the Motor Vehicle Registration Enforcement Fund.

Small Business Effect: None.

Fiscal Analysis

State Revenues: It is unclear how much additional revenue will be collected as a result of the bill in part because the number of improperly registered vehicles is unknown. For illustrative purposes, it is assumed that 1,000 vehicles will be registered each year from the increased enforcement effort. Approximately \$145,000 in excise tax would be collected and credited to the Transportation Trust Fund.

The increased enforcement effort may lead to additional citations for improperly insured vehicles. The criminal violation carries a monetary penalty of \$270. In fiscal 1997, there were approximately 12,000 criminal violations of improperly insured vehicles. Any increase in the number of criminal citations will increase general fund revenues.

Additionally, the Motor Vehicle Administration (MVA) may assess an administrative penalty of at least \$150 for improperly insured vehicles. Currently, these revenues collected by the MVA are allocated each year as follows: 30% to the MVA; approximately \$3.3 million to the Maryland Automobile Insurance Fund; \$2 million to the Vehicle Theft Prevention Fund; and the remainder to the general fund. The bill requires that \$400,000 of the administrative penalty revenues be allocated to the Motor Vehicle Registration Enforcement Fund each year until fiscal 2003. Therefore, the bill could reduce general fund revenues by \$400,000 each year until fiscal 2003. However, the MVA may collect additional administrative penalties due to the increased enforcement effort. Some or all of the general fund revenue loss may be offset, depending on the number of additional penalties assessed. In fiscal 1997, approximately \$10.7 million was credited to the general fund from this provision.

The State Police will receive 10% of the amount collected by the newly created fund each year for cost recovery. However, the State Police may not receive more than \$40,000 annually.

State Expenditures: Motor Vehicle Registration Enforcement Fund expenditures would increase by an estimated \$28,420 in fiscal 1999, which reflects the cost of hiring one contractual Fiscal Specialist I to administer the program for the State Police. This estimate

accounts for the bill's October 1 effective date and includes salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year expenditures will increase by approximately \$34,000 annually until the sunset date.

Expenditures may only be made by the fund pursuant to an annual budget appropriation or by the budget amendment procedures subject to specified requirements.

The MVA and the Department of Public Safety and Correctional Services (DPSCS) advise that computer programming expenditures could increase by an estimated \$300,000 and \$30,000 respectively to modify the computer programs to track the registration enforcement program. 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 and DPSCS systems. Further, DLS advises that the increased computer expenditure is simply an estimate and the MVA and the DPSCS may be able to handle the changes with either less money than they estimate or existing resources.

Local Revenues: Local law enforcement agencies may apply for grants from the Motor Vehicle Enforcement Fund to combat the problem of improperly registered motor vehicles. Grant amounts awarded will vary based on the extent of the problem in each area. Local law enforcement agencies may not substitute the grant for money that otherwise would be available and used by the local agencies to pursue improperly registered vehicles.

Information Source(s): Department of State Police, Department of Transportation (Motor Vehicle Administration), Prince George's County, Talbot County, Montgomery County, Allegany County, Department of Legislative Services

Fiscal Note History: First Reader - February 17, 1998
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Analysis by: Jody J. Minnich	Direct Inquiries to:
Reviewed by: John Rixey	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710