

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 885 (Delegate Kagan)

Commerce and Government Matters

Vehicle Laws - Registration Plates - Composition and Years in Service

This bill requires the Motor Vehicle Administration (MVA) to ensure that no registration plate remains in service for more than eight years. Also, the MVA must issue registration plates that are reflectorized and must provide for the costs of reflectorization through a budget item.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures could increase by \$4.8 million in FY 2000. Future years reflect inflation and an initial two-year period of reissuing registration plates. Beyond this two-year cycle, reissuing plates will be reduced to a constant rate of 300,000 plates annually, costing approximately \$1.8 million. TTF revenues would not be affected. State Use Industries' revenues would increase by \$400,000 in FY 2000. Future year revenue would follow the cycle established by MVA demands.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
SF Revenues	\$.4	\$.5	\$.4	\$.3	\$.3
SF Expenditures	4.8	7.1	2.3	1.8	1.8
Net Effect	(\$4.4)	(\$6.6)	(\$1.9)	(\$1.5)	(\$1.5)

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

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Effect: The bill does not specify a time frame in which MVA must ensure that all registration plates comply with the eight-year standard. It is estimated that there are currently 1.6 million plates in service that are older than eight years. It is further estimated that each year, an additional 300,000 registration plates reach the eight-year threshold.

It is assumed that MVA could recall and reissue such plates over the next biennial registration period, meaning that MVA would recall and reissue approximately 2.3 million plates over the two-year period beginning October 1, 1999. The MVA has no automated system for sorting and mailing registration plates as it does with registration stickers that are mailed out biennially. Therefore, contractual staff would be required for the two-year registration cycle to manually match plates to the assigned registration, mail correspondence and plates, and handle undeliverable packages. Approximately 20 such employees would be needed, of whom 18 would be employed in the mailroom of MVA headquarters and 2 would be assigned to central operations to handle commercial registration plates. Salaries associated with the employees would be approximately \$300,000 in fiscal 2000, accounting for the bill's effective date. Expenditures would increase to \$400,000 in fiscal 2001 and would be \$100,000 in fiscal 2002 for the remainder of the two-year biennial registration cycle.

The cost of plates varies depending on the type of plate being produced. For example, the plates for a Class A passenger vehicle cost the MVA \$2.90 and organizational plates cost \$5.75. It is assumed that the average costs for the plates would be \$3.50. Therefore, the expected costs to replace 2.3 million plates would be \$8,050,000 over the two-year registration cycle. Postage costs would be incurred at an approximated cost of \$5,275,000 over the two-year registration cycle. This includes postage of \$2.16 per package plus printing and envelope costs.

The MVA advises that the bill may require it to immediately recall and reissue the plates that are currently over eight years old. It believes that this must be done prior to the effective date of the bill. It advises that it would require 99 contractual staffers for nine months in fiscal 2000. It also believes that an advertising campaign costing approximately \$500,000 would be required to notify the public in order to expedite customer transaction times. These costs, together with postage and material costs, would reach approximately \$13.2 million in fiscal 2000. However, as stated above, the Department of Legislative Services advises that the bill does not specify a time frame in which plates must be recalled and reissued. The biennial cycle of registration renewals would allow the MVA to structure the workload in the most effective manner. Further, the advertising campaign would become unnecessary as the public could be informed through the normal re-registration process.

State Use Industries provides the MVA with registration plates. They currently produce about 1 million plates per year. State Use Industries is expected to earn approximately \$1.1

million in the initial two-year cycle and \$300,000 in the out-years from the additional demand created by the bill.

Additional Comments: It should be noted that reissuing 1.6 million plates in the next two years will create an unusually large reissuance of plates eight years in the future. The MVA may again require additional resources at that time to manage this peak in the workload.

Information Source(s): Maryland Department of Transportation (Motor Vehicle Administration), State Use Industries, Department of Legislative Services

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dmm/jr

Analysis by: Jody J. Minnich

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510