

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE

Senate Bill 27 (Senator Roesser)

Judicial Proceedings

Commerce and Government Matters

Vehicle Laws - Registration Plates - Transfer into an Inter Vivos Trust

This bill allows for the continued use of registration plates for a vehicle that is transferred to an inter vivos trust (a trust that becomes effective during the lifetime of the donor). If the title is transferred to the primary beneficiary of a written inter vivos trust, the beneficiary may retain the registration plates. The bill is effective June 1, 2001.

Fiscal Summary

State Effect: Accounting for the bill's June 1, 2001 effective date, special fund revenues decrease by \$800 in FY 2001 and special fund expenditures decrease by \$300. Future years reflect annualization and inflation and assume a constant rate of title transfers.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
SF Revenue	(\$800)	(\$5,200)	(\$5,200)	(\$5,200)	(\$5,200)
SF Expenditure	(300)	(3,600)	(3,700)	(3,700)	(3,700)
Net Effect	(\$500)	(\$1,600)	(\$1,500)	(\$1,500)	(\$1,500)

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

Local Effect: Revenues would decrease by approximately \$400 in FY 2001 and by \$4,500 in the following years.

Small Business Effect: None.

Analysis

Current Law: Continued use of the same registration plate is allowed for certain types of title transfers, such as a transfer between parent and child. It does not specifically

allow someone who receives a title transfer as the beneficiary of an inter vivos trust to keep the same registration plate.

Background: The Motor Vehicle Administration (MVA) advises that the bill addresses a recurring source of complaint from citizens seeking to transfer vehicle titles to an inter vivos trust without requiring the beneficiary to pay the \$70 registration fee. The Comptroller's Office advises that the trust would be required to pay any fees related to the transfer and would be able to deduct those fees against the trust's income. However, most inter vivos trusts are set up as grantor trusts that would not file fiduciary income tax returns; the beneficiary would report and pay any income earned by the trust on their personal income tax return. The fee would no longer be a deductible expense.

State Revenues: The bill could affect as many as 1,200 transactions per year. Titleholders would be able to transfer title and registration without paying the \$70 registration fee again until the plates expire. Instead, they would pay an \$8 transfer fee. The State would lose the revenue associated with the overlap between registrations.

If, for example, a donor transfers a vehicle to the beneficiary of an inter vivos trust, the registration would still be valid for another 18 months. Under current law, the donor terminates the registration and receives a \$35 refund on the remaining year of the registration. Six months of the remaining time or overlap (\$17.50) would not be refunded. The beneficiary pays a new \$70 registration fee that applies for the following two years.

Under the bill, the MVA would charge the beneficiary an \$8 transfer fee and would transfer the remaining 18 months of the registration to the beneficiary. The total special fund revenue loss from reduced registration fee revenue is estimated at \$14,800 per year (after an initial loss of \$1,200 in fiscal 2001 due to the June 1 effective date), assuming a constant number of transfers. The loss to the TTF is offset by \$9,600 annually from increased transfer fee revenue, after an initial increase of \$800 in fiscal 2001. The net special fund decrease is \$5,200 (\$800 in fiscal 2001).

The State's annualized loss would be split between Med-Evac (\$400 in fiscal 2001 and \$4,400 in the following years) and the TTF (\$400 in fiscal 2001 and \$800 in the following years).

State Expenditures: TTF expenditures will decrease by approximately \$3,600 (plus inflation) annually through reduction of license plate purchases (based on a \$3 per plate expenditure), after an initial savings of \$300 in fiscal 2002.

Local Effect: The bill will reduce the local government's share of registration revenues by \$400 in fiscal 2001 and \$4,455 thereafter.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Maryland Department of Transportation (Motor Vehicle Administration), Department of Legislative Services

Fiscal Note History: First Reader – January 25, 2001
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