

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 1185
Appropriations

(Delegate Cadden, *et al.*)

Vehicle Laws - Uninsured Motorist Penalties - Distribution of Fees

This bill alters the distribution of uninsured motorist penalty fees to restore funding to the Vehicle Theft Prevention Fund (VTPF) beginning in fiscal 2002 and to the School Bus Safety Enforcement Fund (SBSEF) for fiscal 2006 and 2007. It also eliminates the termination provision of the act authorizing the VTPF.

The bill takes effect July 1, 2002.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues (special funds) will decline by \$2 million annually beginning in FY 2002, and by \$2.6 million in FY 2006 and FY 2007. Revenues of the VTPF (special funds) will increase by \$2 million annually beginning in FY 2002. Revenues of the SBSEF will increase by \$600,000 per year in FY 2006 and thereafter. General fund revenues would decline by \$600,000 in FY 2008 and thereafter. Expenditures by the two programs will likely increase, and TTF expenditures will likely decrease, accordingly.

Local Effect: Local governments may receive additional grants as a result of restoration of the programs' funding.

Small Business Effect: None.

Analysis

Bill Summary: The bill provides that the VTPF will receive \$2.0 million annually, beginning in fiscal 2002. The bill restores funding to the SBSEF in fiscal 2006 and thereafter. The bill also eliminates the July 1, 2003 sunset date for the VTPF.

Current Law: Chapter 568 (HB 309) of 2001 -- part of the Governor's Mass Transit Initiative -- transferred various revenues to the TTF to fund mass transit projects. Among the revenues transferred were \$2 million per year for fiscal 2002 and fiscal 2003 that would have otherwise gone to the VTPF. The law authorizing the Fund is scheduled to sunset on July 1, 2003.

Chapter 568 also shifted \$600,000 in revenues from the SBSEF to the TTF in fiscal 2006 and fiscal 2007, after which time the revenues would be directed to the general fund.

Background: Prior to Chapter 568, uninsured motorist penalty fees were split, with 30% going to the Motor Vehicle Administration and the remaining 70% divided, with \$2.0 million to the VTPF; approximately \$3.6 million to the Maryland Automobile Insurance Fund (for fiscal 2002, adjusted each year for inflation); \$400,000 to the Motor Vehicle Registration Enforcement Fund; \$600,000 to the SBSEF; and the balance to the general fund.

The VTPF, created by Chapter 459 of 1994, is a special fund administered by the Department of State Police. It supports vehicle theft prevention programs for local governments and agencies. The SBSEF supports school bus safety programs.

State Fiscal Effect: The change in distribution of State revenues is illustrated below:

Impact of Revenue Transfers Under SB 625 – HB 1185

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Current Law	\$2M to TTF; \$600,000 to SBSEF	\$2M to TTF; \$600,000 to SBSEF	\$2M to TTF; \$600,000 to SBSEF	\$2M to TTF; \$600,000 to SBSEF	\$2.6M to TTF	\$2.6M to TTF	\$2.6M to General Fund	\$2.6M to General Fund
SB 625/ HB 1185	\$2M to VTPF; \$600,000 to SBSEF	\$2M to VTPF; \$600,000 to SBSEF	\$2M to VTPF; \$600,000 to SBSEF	\$2M to VTPF; \$600,000 to SBSEF	\$2M to VTPF; \$600,000 to SBSEF	\$2M to VTPF; \$600,000 to SBSEF	\$2M to VTPF; \$600,000 to SBSEF	\$2M to VTPF; \$600,000 to SBSEF

Additional Comments: The bill provides for a transfer of revenue in fiscal 2002; however, the bill's effective date is the start of fiscal 2003. Also, the Maryland Department of Transportation (MDOT) advises that there is a proposed deficiency appropriation of \$300,000 from MDOT to the VTPF based on the existing fund transfer; MDOT believes that the deficiency appropriation should be cancelled if MDOT does not receive the \$2.0 million in penalty fees.

Additional Information

Prior Introductions: None.

Cross File: SB 625 (Senator Hoffman, *et al.*) - Judicial Proceedings and Budget and Taxation.

Information Source(s): Department of State Police, Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2002
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