

Department of Legislative Services  
 Maryland General Assembly  
 2003 Session

**FISCAL AND POLICY NOTE**

House Bill 111 (Delegates Kach and Owings)  
 Environmental Matters

**Vehicle Laws - Single Registration Plate**

This bill institutes a one registration plate requirement for all registered vehicles and repeals the requirement that certain classes of vehicles display both a front and rear registration plate. The registration plate must be attached to the rear of the vehicle.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) expenditures would decrease by \$478,600 in FY 2004. Out-year increases reflect inflation and annualization. Revenues would not be affected. The bill’s requirements are not likely to materially affect State Use Industries (SUI).

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	(478,600)	(644,500)	(651,000)	(657,500)	(664,100)
Net Effect	\$478,600	\$644,500	\$651,000	\$657,500	\$664,100

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

**Local Effect:** None.

**Small Business Effect:** None.

**Analysis**

**Current Law:** Most classes of vehicles are required to display two registration plates. Only three classes of vehicles are exempt from the two-plate requirement – Classes D (motorcycle), F (tractor), and G (trailer). Class F vehicles are required to display the

registration plate on the front of the vehicle. The bill does not affect this requirement. For temporary registrations, the Motor Vehicle Administration (MVA) may issue only one temporary registration plate.

Each registration plate must display the name of the State and the registration number assigned to the vehicle. For vehicle classes A, E, and M, at the option of a registered owner, the plates may display a sticker indicating the county, including Baltimore City, where the owner resides. After the registration plates have been issued, the MVA may order their continued use in subsequent registration years and must issue a validation tab to show payment of the vehicle registration fee.

Historic and antique vehicles must display current registration plates in the places provided on the vehicle. Vintage registration plates must be displayed elsewhere. For vehicles in Classes L and N, the MVA may authorize the display of vintage registration plates instead of current registration plates if the owner submits an appropriate application, the two vintage plates were issued in the same model year as the motor vehicle, and the owner of the vehicle pays a one-time registration fee. If the display of vintage plates is authorized, the current registration plates must be kept in the vehicle at all times. A vintage registration plate is a Maryland registration plate that was actually issued for display on a motor vehicle in a year not less than 25 calendar years prior to January 1 of each calendar year. If the MVA authorizes the display of vintage registration plates, they are valid as long as title to the motor vehicle remains with the person who filed the application for vintage plates.

**Background:** According to the latest information from the American Association of Motor Vehicle Administrators, 21 states issue one registration plate for all vehicle classes – the rest require two plates. According to the National Conference of State Legislatures, supporters of a two-plate system contend that a front and rear license plate help vehicle law enforcement and increase safety. Disadvantages of issuing two plates include potential fraud because the recipient can use one of the plates for an unregistered vehicle and avoid paying registration taxes.

**State Expenditures:** Accounting for the bill's October 1, 2003 effective date, TTF expenditures would decline by approximately \$478,610 in fiscal 2004 by eliminating the need to issue two plates for each vehicle. Future year reductions reflect annualization and inflation. The MVA purchases 995,100 pairs of plates and mails 33,400 pairs of plates annually. Of the 995,100 plate sets, 885,600 are steel plate sets. Material savings from this bill are estimated to be \$0.61 per steel plate. The remaining 109,500 plate sets are made of aluminum. Material savings are estimated to be \$0.72 per aluminum plate. Postage savings for all license plate sets are \$0.57 per mailing.

**State Revenues:** Vehicle registration fees are set in statute and are not changed by this bill.

SUI, the self-supporting prison arm of the Maryland Division of Correction, purchases the raw material for license plates and is responsible for production. The MVA then purchases the license plates from SUI. The bill's one license plate requirement would reduce SUI special fund revenues, but would also likely reduce special fund expenditures by the same amount, making the bill's impact revenue-neutral. SUI advises however, that it purchases the raw material for plates by contract with a vendor that provides a volume discount. Reducing the materials purchase order by half could impair the volume discount and increase SUI's unit cost. If the unit cost for plate materials increases, SUI could pass on the cost increase to the MVA, thereby eliminating some of the savings currently projected by the MVA.

SUI further advises that 70 prison inmates produce all license plates. It requires almost the same labor to produce one plate as it does to produce two plates. However, there is a possibility that some of the inmates will not be needed to produce license plates in the future.

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### **Additional Information**

**Prior Introductions:** This bill is a reintroduction of HB 475 from the 2001 session. HB 475 was referred to the Commerce and Government Matters Committee, where it received an unfavorable report.

**Cross File:** None.

**Information Source(s):** Department of Transportation, Department of Public Safety and Correctional Services (State Use Industries), National Conference of State Legislatures, Department of Legislative Services

**Fiscal Note History:** First Reader - February 7, 2003  
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**Analysis by:** Karen D. Morgan

**Direct Inquiries to:**  
(410) 946-5510  
(301) 970-5510