

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 493

(Delegate Montgomery, *et al.*)

Environmental Matters

Judicial Proceedings

Vehicle Laws - Special and Commemorative License Plates - Renewal Fee and
Sunset

This bill requires the Motor Vehicle Administration (MVA) to establish an additional renewal fee for Chesapeake Bay Commemorative plates. Any monies from additional renewal fees may not be retained by or transferred to any State agency for any purpose. The MVA must disburse those funds to a nonprofit organization that is closely related to the theme commemorated by the Chesapeake Bay Commemorative plate, as designated by the MVA. The MVA must consult with the designated nonprofit organization to establish a schedule for the transfer of funds collected on behalf of the designated organization. The nonprofit organization currently designated by the MVA as the recipient of surplus funds from the Chesapeake Bay Commemorative plate is the Chesapeake Bay Trust (CBT).

The MVA is required to implement the renewal fee by January 1, 2004.

The bill provides that the termination date for the Maryland agricultural plate program is June 30, 2008, and the termination date for the Chesapeake Bay commemorative plate program is July 1, 2008.

The bill is effective July 1, 2003. The bill terminates on June 30, 2008.

Fiscal Summary

State Effect: Net Transportation Trust Fund (TTF) revenues could increase by \$213,800 in FY 2004. Out-years include the impact of annualization, nonpurchasers, and renewal every two years. Renewal revenue from the bay plates accrues to the TTF, but then is entirely distributed to CBT, the designated agency that would receive revenue from renewal fees. Expenditures are unaffected.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
SF Revenue	\$213,800	\$447,500	\$427,500	\$853,800	\$813,800
SF Expenditure	213,800	447,500	427,500	853,800	813,800
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The MVA is authorized to issue special commemorative original or substitute registration plates for any geographical, historical, natural resource, or environmental commemoration of statewide significance. A vehicle owner; lessee of a vehicle; or the owner, director, officer, employee, or partner of a business that owns a vehicle may apply for commemorative registration plates. The vehicle must be included in Class A (passenger vehicles), Class B (for hire vehicles), Class E (trucks of one ton or less), Class G (trailer vehicles), or Class M (multipurpose vehicles). The MVA may issue an original or substitute commemorative plate for a fixed period of two consecutive years after initial issuance.

In addition to the annual registration fee, a vehicle owner who receives a commemorative registration plate must pay the fee set by the MVA when new registration plates are issued. The fee must be set at a level that will allow the MVA to recover its costs. The MVA may set the fee at a level that generates a surplus after costs are subtracted. The MVA must retain a portion of the fee to recoup its costs for plate issuance. No portion of the registration fee may be credited to the Gasoline and Motor Vehicle Revenue Account. Any surplus monies remaining after the MVA has recovered its costs may not be retained by or transferred to any State agency for any purpose. The MVA must disburse surplus monies to the designated nonprofit organization, currently, CBT. The MVA is required to adopt regulations to govern the issuance of special registration plates.

The additional fee for the commemorative plates is not required for vehicles exempt from registration requirements, as specified in statute, or for vehicles with special registration plates recognizing the Maryland National Guard, or volunteer fire, rescue, or ambulance companies.

The MVA is required to develop and make available a specially designed plate honoring Maryland agriculture. The authority for the agricultural plate terminates on June 30, 2006.

Background: CBT is a private, nonprofit grantmaking organization created by the Maryland General Assembly in 1985 to promote public awareness and participation in the restoration and protection of the Chesapeake Bay and its Maryland tributaries.

CBT receives financial contributions from the private sector and general public and distributes those contributions as grants for bay-related programs. Recipients include other nonprofit organizations, civic and community groups, schools, and public agencies. CBT grants have financed educational programs, stream cleanup, tree planting, erosion control, habitat restoration, aquaculture, as well as other projects.

In addition to gifts from private citizens and the business community, CBT is supported by voluntary donations through a tax check-off on the Maryland income tax return and by sales of the commemorative “Treasure the Chesapeake” vehicle plates.

The MVA was authorized to issue a Chesapeake Bay commemorative plate by legislation enacted in 1990. Since CBT was created in 1985, about \$13 million have been awarded to different organizations that provide environmental restoration, protection, and conservation. On an annual basis, CBT receives about \$500,000 from commemorative plate registration fees. In fiscal 2002, CBT provided \$1.2 million in grants to different organizations. In fiscal 2003, CBT expects to distribute \$1.7 million in grants.

State Revenues: TTF revenues from the renewal of the Chesapeake Bay plates could increase by \$213,750 in fiscal 2004. The renewal fee would be implemented as of January 1, 2004 and would affect owners with bay plates who renew vehicle registration on or after January 1, 2004 and decide to retain the bay plates. This revenue would be distributed to CBT, which is expected to remain the organization designated by the MVA to receive surplus funds from the plates. Out-years include annualization and the impact of renewal every two years.

<u>Fiscal Year</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Projected Plate Renewals	21,375	44,750	42,750	85,375	81,375
<i>Renewal Revenues – Projected</i>	\$213,750	\$447,500	\$427,500	\$853,750	\$813,750

The following assumptions are the basis for the projections shown in the table:

- The projection assumes that the initial cost for the bay plate will not change from what is charged currently – \$20. The renewal fee is \$5 annually and purchasers would be charged \$10 every two years as they renew their plates.

- The distribution of revenues between the TTF and CBT would remain the same as under current law: \$12 of every plate purchase goes to CBT and \$8 of every plate purchase goes to the TTF.
- Under the bill, all monies generated from the renewal fee must be disbursed to CBT.
- The projected issuances of the bay plates are based on MVA experience with the special agriculture license plates.

State Expenditures: The MVA advises that \$70,000 is needed to make computer programming changes to accommodate a new bay plate design and changes to the Title and Registration Information System. The Department of Legislative Services (DLS) advises, however, that a new bay plate is not required by this bill. Any programming changes required to implement a renewal fee could be handled with existing resources.

Additional Comments: The MVA advises that it intends to work with CBT to design and issue a new bay plate if this bill is enacted. DLS advises, however, that this bill simply requires the assessment of a renewal fee. The bill does not require the MVA to create and issue a new plate that would be subject to a renewal fee.

Additional Information

Prior Introductions: None.

Cross File: SB 638 (Senator Astle) – Judicial Proceedings.

Information Source(s): Department of Transportation, Chesapeake Bay Trust, Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2003
mld/cer Revised - House Third Reader - March 22, 2003
Revised - Enrolled Bill - April 28, 2003

Analysis by: Karen D. Morgan

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