

Department of Legislative Services  
 Maryland General Assembly  
 2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 632 (Senator Hooper, *et al.*)  
 Judicial Proceedings

**Vehicle Laws - Special Registration Plates Honoring Veterans of Operation Iraqi Freedom**

This bill requires the Motor Vehicle Administration (MVA) to develop a registration plate that honors the veterans of Operation Iraqi Freedom.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) expenditures could increase by \$19,600 in FY 2005. Minimal out-year expenditures if additional plates are manufactured. Potential additional increase in TTF expenditures in FY 2005 only for computer costs. Revenues would not be affected because it is assumed that eligible plate purchasers will be exempt from the additional fee.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	19,600	0	0	0	0
Net Effect	(\$19,600)	\$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**

**Bill Summary:** The bill directs the MVA to develop and make a license plate designed to honor individuals who served in Operation Iraqi Freedom. An applicant must provide satisfactory proof that he or she is a veteran of that operation to be eligible for special

registration, which entitles the veteran to be exempt from the additional registration fee required by the bill if he or she returned from active duty in Iraq in the previous two years.

The plate may be purchased for the following classes of vehicles:

- Class A (passenger);
- Class B (for hire);
- Class E (truck with a manufacturer's rated capacity of one ton or less);
- Class E (farm truck);
- Class G (trailer); and
- Class M (multipurpose).

In addition to the State motor vehicle registration fee, applicants for this plate must pay a one-time fee set by the MVA to recover its costs when the plates are issued, unless the applicant served in Iraq or is exempt under current law. None of the revenue from this fee may be credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA). The bill does not impose an additional renewal fee.

**Current Law:** The MVA may issue special commemorative original or substitute registration plates for any geographical, historical, natural resource, or environmental commemoration of statewide significance. An example of this type of plate is the Chesapeake Bay plate, for which the MVA collects additional fees for issuance and renewal of plates that benefit the Chesapeake Bay Trust.

The MVA may also issue special registration plates for members of certain organizations and for recipients of an individually earned combat-related medal. In addition to the annual registration fee, a vehicle owner assigned special registration must pay an additional fee by the MVA. The fee may not exceed the amount required by the MVA to recover its costs and must be retained by the MVA. The law does not exempt members of the military from additional registration fees associated with special plates; however, it does exempt disabled veterans and their widows and certain nonprofit organizations from both the annual fee and any additional special plate fee.

Thirty percent of the registration fee revenue collected by the MVA is distributed to the local jurisdictions through GMVRA. However, revenues from special plates, including those honoring State agriculture and veterans, are exempt from this requirement.

**Background:** The MVA issues 12 special plates for current or former military personnel who served in specific areas (*e.g.*, Korea, Vietnam) or earned medals during their service, such as the Silver and Bronze Star, the Distinguished Flying Cross, and the Purple Heart. To receive such a plate, an applicant must provide certification of the related medal or service and pay an additional \$25 fee. They do not pay an additional renewal fee.

**State Expenditures:** TTF expenditures would increase by approximately \$19,556 in fiscal 2005 (accounting for the October 1 effective date) to develop, manufacture, promote, and issue the plate. The estimate is based on the following assumptions:

- plate manufacturing and design will cost an additional \$19,075;
- the cost of promoting the plate will be \$7,000; and
- the MVA will purchase 2,500 plates for issuance to veterans in fiscal 2005.

The MVA advises that it needs a contractual person in fiscal 2005 to implement the bill. However, the Department of Legislative Services (DLS) advises that the projected volume of demand is low enough that the MVA can issue the plate with existing personnel. DLS also advises that the number of plates assumes that 2,500 of 130,000 troops deployed in Iraq in October 2003 are Maryland residents, based on Maryland's share (1.9%) of the national population. The actual number will vary, as will the number of veterans who purchase a new plate in fiscal 2005. Some may purchase one later. However, DLS concurs with the MVA that most veterans are likely to apply for one within the two-year deadline; therefore, the MVA must contract for enough plates to accommodate whatever demand occurs.

The MVA also estimates that it will cost \$85,000 to make computer and web site programming changes. DLS advises that if other legislation is passed that requires changes to the registration system, economies of scale could be realized and thus lower these programming costs. The MVA notes that even with economies of scale, additional resources may be required to address the cumulative effect of other legislation.

**Additional Comments:** DLS observes that as additional special plates are created and create more competition among vehicle owners, the sales for all special plates could diminish as a result.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation, Department of Legislative Services

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