

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 265 (Delegate Sossi, *et al.*)
 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: The bill’s requirements are not likely to materially affect State Use Industries (SUI). Transportation Trust Fund (TTF) expenditures would decrease by \$467,800 in FY 2005. Out-year increases reflect inflation and annualization. Revenues would not be affected.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	(467,800)	(630,000)	(636,300)	(642,600)	(649,000)
Net Effect	\$467,800	\$630,000	\$636,300	\$642,600	\$649,000

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. Historic and antique vehicles must display

current registration plates in the places provided on 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. After the 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.

A person may only drive a motor vehicle on a highway in Maryland with validated registration plates, unless expressly otherwise authorized by the MVA. An owner of a motor vehicle may not permit it to be driven on any highway in Maryland without validated registration plates. Expired registration plates may not be displayed. A violation of these provisions is a misdemeanor, subject to a penalty not exceeding \$500.

Background: According to the American Association of Motor Vehicle Administrators, 21 states, including Delaware, Georgia, and Pennsylvania, issue one registration plate for all vehicle classes – the rest require two plates. Several states only require one for certain types of vehicles such as motorcycles, trailers, or all-terrain vehicles. Kansas issues two plates but allows the vehicle owner to decide whether to display one or two plates.

A report by the National Conference of State Legislatures describes advantages and disadvantages of a two-plate system. Supporters of such a 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, 2004 effective date, TTF expenditures would decline by approximately \$467,789 in fiscal 2005 by eliminating the need to issue two plates for each vehicle. Future year reductions reflect annualization and inflation. The plate sales reflect fiscal 2003 activity (excluding MVA's purchase of single plates) and are likely to increase in future years.

The MVA purchases 924,430 pairs of plates and mails 30,700 pairs of plates annually. Of all the plate sets, 841,151 are steel plate sets. Material savings from this bill are estimated to be \$0.60 per steel plate. The remaining 83,279 sets are specialty plates made of aluminum. Material savings from this bill are estimated to be \$0.74 per aluminum plate. Annual postage savings for all license plate sets would be \$57,400, assuming \$1.87 per mailing. The MVA now mails all plates by First Class due to complaints of lost plates from vehicle owners.

State Revenues: The State 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 manufactures them for sale to the MVA. 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 projected by the MVA. Furthermore, the Department of Legislative Services notes that MVA has an inventory of unused plate sets and could purchase even fewer plates in the near term.

SUI further advises that prison inmates produce all license plates. It requires almost the same labor to produce one plate as it does to produce two plates. However, fewer inmates may be needed to produce license plates in the future.

Additional Information

Prior Introductions: Substantially similar bills were introduced as SB 61 and HB 111 in the 2003 session and HB 475 in the 2001 session. SB 61 received an unfavorable report from the Judicial Proceedings Committee; HB 475 received an unfavorable report from the Commerce and Government Matters Committee. The only difference between SB 61 and previous bills are minor technical corrections.

Cross File: None, although SB 299 is identical.

Information Source(s): Maryland Department of Transportation, American Association of Motor Vehicle Administrators, National Conference of State Legislatures, Department of Legislative Services

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