

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 13

(Senator Haines)

Judicial Proceedings

Environmental Matters

Vehicle Laws - Antique Motor Vehicles - Registration

This bill alters the definition of historic motor vehicle, creates a new “antique” class of motor vehicles, requires the Motor Vehicle Administration (MVA) to issue a special registration plate for antique motor vehicles, and sets a registration fee for antique motor vehicles.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would decrease by \$1,300 in FY 2006 due to collection of a one-time permanent registration fee for antique motor vehicles rather than the biennial renewal registration fee for historic motor vehicles. Future year revenue reductions reflect a two-year implementation schedule for switching registrations from “historic” to “antique.”

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	(\$1,300)	(\$2,700)	(\$69,700)	(\$136,800)	(\$136,800)
SF Expenditure	10,300	10,600	5,300	0	0
Net Effect	(\$11,600)	(\$13,300)	(\$75,000)	(\$136,800)	(\$136,800)

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

Local Effect: Local government revenues would decrease by \$400 in FY 2006, \$800 in FY 2007, and \$21,000 in FY 2008 due to a decrease in Gasoline and Motor Vehicle Revenue Account (GMVRA) revenues distributed to local governments as highway user revenues. Revenues would decrease by \$41,000 annually thereafter.

Small Business Effect: None.

Analysis

Bill Summary: This bill distinguishes between vehicles which are “antique” and vehicles which are “historic” based on year of manufacture. The altered definition of a historic motor vehicle (Class L) is a vehicle manufactured in 1946 or later that is at least 20 years old.

A new registration class (R) of “antique” vehicles is created, consisting of vehicles that were manufactured in a model year before 1946. Antique motor vehicles must not be substantially altered from the manufacturer’s original design. At registration, vehicle owners must certify that the vehicles are maintained for use in exhibitions, club activities, parades, tours, occasional transportation and similar use, and not used for daily transportation or primarily for the transportation of passengers or property on highways. Antique vehicles will be exempt from any statute requiring periodic inspections and emission controls, including the Vehicle Emissions Inspection Program.

Antique vehicles will be subject to a one-time permanent registration fee of \$50, and the MVA is required to issue a special antique registration plate for these vehicles. Antique motor vehicles may display two vintage registration plates, instead of the issued special registration plates, if the vintage plates are from the year of manufacture and the owner pays an additional one-time fee of \$25.50.

Registrations are not transferable, and when a vehicle is transferred, the new owner must also apply for an antique vehicle registration. Antique vehicles are exempt from the \$13.50 surcharge collected for the Maryland Institute of Emergency Medical Services Systems (MIEMSS) and other related emergency uses.

Current Law: “Historic motor vehicle” is defined as a motor vehicle, including a passenger vehicle, motorcycle, or truck, that:

- is 20 years old or older;
- has not been substantially altered from the manufacturer’s original design; and
- meets criteria contained in rules and regulations issued by the MVA.

At registration, vehicle owners must certify that the vehicles are maintained for use in exhibitions, club activities, parades, tours, occasional transportation and similar use, and not used for daily transportation or primarily for the transportation of passengers or property on highways. Historic vehicles are exempt from periodic inspections and emission standards.

The current annual registration fee is \$25.50 for historic vehicles, with renewal registration on a biennial basis. Historic and street rod (Class N) registered vehicles are exempt from the \$13.50 surcharge collected for MIEMSS. Historic motor vehicles may display two vintage registration plates instead of the issued historic registration plates if the vintage plates are from the year of manufacture and the owner pays an additional one-time fee of \$25.50.

Registration fee revenue is deposited into the GMVRA in the TTF – 70% is retained in the TTF and local jurisdictions receive the remainder as highway user revenues.

Background: Many states differentiate between historic vehicles and other vehicles, and charge separate registration fees. For example:

- Michigan requires owners of historic vehicles to pay a \$30 registration fee every 10 years;
- Missouri permits owners of historic vehicles used solely as a collector's item and driven less than 1,000 miles per year to pay a one-time registration fee of \$25;
- Kentucky offers permanent registration of a historic vehicle used primarily for exhibition in shows, parades, tours and other special uses, for a one-time fee of \$100; and
- Alaska charges a one-time fee of \$10 per owner, payable when a historic motor vehicle changes hands.

Other states offer a special historic plate for a historic vehicle, but charge the same annual registration fee as other vehicles. Arizona even charges an additional \$10 fee for a historic license plate.

State Revenues: If the number of antique vehicles remained constant, 5,365 vehicles currently registered as historic vehicles would re-register as antique vehicles. Owners of these vehicles would pay the one-time \$50 registration fee, rather than \$51 to renew their historic registrations on a biennial basis, resulting in a net loss per vehicle of \$1 at the time of each re-registration and \$51 every two years thereafter. These re-registrations would take place in the two years after the implementation date of the bill, October 1, 2005. The MVA advises that, even with this effective date, approximately one-fourth of vehicles would re-register in fiscal 2006, one-half in fiscal 2007, and the remaining one-fourth in 2008. Registrations from new vehicles of persons moving into the State are assumed to be minimal.

Accordingly, State revenues would decrease by \$1,341 in fiscal 2006 (1,341 re-registrations) and by \$2,693 in fiscal 2007 (2,683 re-registrations). Revenues in fiscal 2008 would decrease by \$69,732, reflecting both the 1,341 owners re-registering their

cars as antique and the revenue from the loss of 1,341 owners who re-registered their vehicles as antique in fiscal 2006. By fiscal 2009, all such vehicles would have been re-registered as antique, and owners would owe no renewal fees. Accordingly, revenues would decrease by \$136,808 annually.

The TTF would lose the 70% of registration fees retained annually. This would result in a loss of revenues retained by the TTF of \$939 in fiscal 2006, \$1,878 in fiscal 2007, \$48,812 in fiscal 2008, and \$95,765 annually beginning in fiscal 2009.

State Expenditures: As shown in **Exhibit 1**, State expenditures would increase by \$10,284 in fiscal 2006. This amount reflects the cost of designing a new registration plate and issuing a new plate to 1,341 owners of antique vehicles.

The MVA advises that the cost of designing a new registration plate is \$5,000. The cost of manufacturing each new registration plate is \$3.94 per pair of registration plates for an automobile or truck and \$1.59 for a motorcycle (motorcycles require only one plate). However, there are no antique motorcycles.

Although the MVA estimates computer reprogramming would take 1,000 hours at \$150 per hour, for a total of \$150,000, Legislative Services advises that, if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce the costs associated with this bill and other legislation affecting the MVA system.

State expenditures would increase by \$10,571 in fiscal 2007, the cost of issuing new registration plates for the 2,683 re-registrations that year, and by \$5,284 in fiscal 2008 for the 1,341 re-registrations that would occur in that year.

Exhibit 1
State Expenditures

<u>Expense</u>	<u>Cost Per Unit</u>	<u>Cost FY 2006</u>	<u>Cost FY 2007</u>	<u>Cost FY 2008</u>	<u>Cost FY 2009</u>	<u>Cost FY 2010</u>
New Plate Design	\$5,000	\$5,000	\$0	\$0	\$0	\$0
Manufacture of Each Pair of Antique Plates	<u>3.94</u>	<u>5,284</u>	<u>10,571</u>	<u>5,284</u>	<u>0</u>	<u>0</u>
Total Expenditures		\$10,284	\$10,571	\$5,284	\$0	\$0

Local Revenues: Imposition of a one-time registration fee would reduce local highway user revenues from the GMVRA by \$402 in fiscal 2006, \$805 in fiscal 2007, and \$20,920 in fiscal 2008. Beginning in fiscal 2009, local highway revenues from the GMVRA would decrease by \$41,042 annually.

Small Business Effect: There would be no small business effect unless a small business owned an antique motor vehicle. Any effect would be minimal.

Additional Information

Prior Introductions: None.

Cross File: HB 1387 (Delegate Miller, *et al.*) – Environmental Matters.

Information Source(s): Maryland Department of Transportation, Missouri Revised Statutes, Alaska Department of Motor Vehicles, Kentucky Revised Statutes, Arizona Department of Transportation, Michigan Vehicle Code, Department of Legislative Services

Fiscal Note History: First Reader - January 17, 2005
ncs/ljm Revised - Senate Third Reader - March 25, 2005

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