

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 1264 (Delegate Ross)
 Environmental Matters

Motor Vehicles - Motor Scooters - Standards and Requirements

This bill alters the definition of motor vehicle to include motor scooters, classifies motor scooters as motorcycles for registration purposes, and authorizes the State Highway Administration (SHA) and local jurisdictions to prohibit the use of motor scooters on controlled access highways.

Fiscal Summary

State Effect: Special fund revenues could increase by \$1.7 million in FY 2006 due to registration and titling of motor scooters, related inspections, and driver’s license fees for motorcycle endorsements; most of which would accrue to the Transportation Trust Fund (TTF). TTF expenditures could increase by \$391,100 in FY 2006 for expenses in processing titles, registrations, endorsements, and for highway signs. Out-year revenue and expenditure estimates reflect the growth in new vehicles titled and registered and the biennial registration and inspection schedule. Potential minimal increase in general fund revenues due to the penalty provisions applicable under the Maryland Vehicle Law (maximum \$500 fine); however, general fund revenues would decrease by \$71,300 in FY 2006 and \$95,000 annually thereafter due to a loss of sales tax revenues from motor scooters.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
GF Revenue	(\$71,300)	(\$95,000)	(\$95,000)	(\$95,000)	(\$95,000)
SF Revenue	1,711,300	383,800	1,493,800	594,700	1,704,700
SF Expenditure	391,100	119,100	97,700	90,700	101,200
Net Effect	\$1,248,900	\$169,700	\$1,301,100	\$409,000	\$1,508,500

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

Local Effect: Local government revenues could increase by \$227,100 in FY 2006 due to an increase in Gasoline and Motor Vehicle Revenue Account (GMVRA) revenues distributed to local governments as highway user revenues. Future revenues reflect the growth in new vehicles and registered and the biennial registration schedule.

Small Business Effect: None.

Analysis

Bill Summary: Motor scooters are now considered Class D (motorcycle) vehicles, and as such need to be titled and registered. An application for title must include the engine number of a motor scooter. A holder of a moped operator's permit is no longer eligible to operate a motor scooter. A Class E or a Class M driver's license authorizes the licensee to operate a motor scooter.

SHA or any local jurisdiction may restrict motor scooter operators from any controlled access highway in its jurisdiction. Motor scooters must meet specified equipment requirements for motorcycles. A political subdivision may not adopt or enforce parking regulations that prohibit more than one motor scooter from parking in one indicated parking space.

As motor vehicles, motor scooters would be required to submit to the State Vehicle Emissions Inspection Program (VEIP); however, this provision would only apply to gas-powered motor scooters, as electric vehicles are exempt from VEIP testing.

Current Law: State law defines a vehicle as any device in, on, or by which an individual or property is or might be transported or towed on a highway. With certain exceptions, the owner of a vehicle must obtain a certificate of title. If a vehicle is also defined as a motor vehicle, which means it is self-propelled or propelled by electric power obtained from overhead electrical wires and does not operate on rails, it must be registered, with certain exceptions. Most registered vehicles are subject to a fee, paid biennially, that varies according to vehicle class and a \$13.50 surcharge per year collected primarily for the Maryland Emergency Medical Systems Operation Fund (MEMSOF) unless exempted. Registration fee revenue is deposited into GMVRA in the TTF – 70% is retained in the TTF and local jurisdictions receive the remainder as highway user revenues.

Motor vehicles must be inspected and tested every other year under VEIP. Electric vehicles are exempt from this requirement.

Vehicles and motor vehicles are also subject to the requirements of the Maryland Vehicle Law. In general, persons convicted of a misdemeanor for violating any provision of the Maryland Vehicle Law are subject to a fine of up to \$500.

A motor scooter is a two-wheeled nonpedal vehicle, equipped with a seat and a step-through chassis, with either a motor with a 2.7 brake horsepower rating or an engine of 50 ccs or less. A motor scooter is also equipped with an automatic transmission. A motor scooter may not be operated at a speed in excess of 30 miles per hour. This definition does not apply to off-road vehicles or to so-called “pocket bikes,” which are miniature motorcycles often equipped with a 49 cc or a 47 cc engine. They can reach speeds of over 30 miles an hour.

If a motor scooter is used on a highway at any time when persons and vehicles are not clearly discernible at 1,000 feet, the bicycle or motor scooter must be equipped with:

- a front lamp that emits a light visible for at least 500 feet to the front; and
- a rear red reflector of a type visible from all distances from 600 feet to 100 feet to the rear when in front of head lamps on a motor vehicle.

A person may not ride a motor scooter on any roadway where the maximum speed limit is more than 50 miles an hour; on any expressway, except on an adjacent bicycle path or way approved by SHA; or on any other controlled access highway where prohibited by sign.

Motor scooters are restricted to bike lanes or smooth shoulders except when:

- overtaking and passing a bicycle, motor scooter, pedestrian, or other vehicle within the bike lane or shoulder;
- preparing for a left turn;
- reasonably necessary to leave the bike lane or shoulder to avoid debris or other hazardous condition; or
- reasonably necessary to leave the bike lane or shoulder because the bike lane or shoulder is overlaid with a right turn lane, merge lane, or other break in the continuity of the bike lane or shoulder.

Background: Motor scooters are becoming more popular for a variety of reasons. If an individual does not have to exceed 30 miles per hour on a trip, a motor scooter is more fuel efficient than an automobile. As motor scooters are more fuel efficient, they are also more environmentally friendly. They are also cheaper than an automobile and can be

parked on the sidewalk or almost anywhere. Motor scooters sales for 2004 were estimated to be over 100,000 units sold.

State laws on registering and titling motor scooters vary. According to the National Conference of State Legislatures (NCSL), at least 25 states require that a motor scooter be registered. At least 31 require that the driver have a license to operate a motor scooter; however, this is not specifically a motor scooter license. Rather, NCSL advises that most of these license requirements merely require that the operator have a valid driver's license.

State Revenues: Assuming 10,000 motor scooters would need to be titled and registered in the State in fiscal 2006, special fund revenues could increase by as much as \$1,711,300. This estimate is based on the following assumptions:

- 8,575 existing vehicles would need to be registered and another 1,425 purchased in fiscal 2006 would need to be registered;
- a \$93 total fee for registration (\$70 biennial fee) and titling (one-time \$23);
- collection of the 5% excise tax on 1,425 vehicles, with an average price of \$1,000 each;
- all motor scooters are gas powered; therefore, 8,575 motor scooters would be subject to VEIP inspection in fiscal 2006;
- 10% (1,000) of registered vehicles would be subject to a \$20 lien fee; and
- all drivers titling their vehicles would have to get a motorcycle endorsement on their driver's license.

The Motor Vehicle Administration (MVA) advises that currently it contracts with outside vendors to conduct VEIP inspections. If the number of vehicles tested exceeds a certain number, the MVA owes the contractor an additional fee of \$4 per vehicle. Even with the additional vehicles now subject to registration, the number of vehicles tested would not exceed the specified ceiling in the contract and, therefore, the MVA would retain all VEIP revenues due to the bill.

Legislative Services estimates that an additional 1,900 vehicles would require titling and registration each year thereafter (national sales of 100,000 motor scooters multiplied by Maryland's 1.9% of the United States population). Accordingly, special fund revenues could increase by \$383,800 in fiscal 2007, \$1,493,800 in fiscal 2008, \$594,700 in fiscal 2009, and \$1,704,700 in fiscal 2010, based on a biennial renewal of registrations and biennial inspections, and 1,900 new vehicles registering each year.

From the additional surcharge at registration, MEMSOF revenues would increase by \$220,000 in fiscal 2006, \$41,800 in fiscal 2007, \$261,800 in fiscal 2008, \$83,600 in fiscal 2009, and \$303,600 in fiscal 2010. Maryland Trauma Physician Services Fund revenues would increase by \$50,000 in fiscal 2006, \$9,500 in fiscal 2007, \$59,500 in fiscal 2008, \$19,000 in fiscal 2009, and \$69,000 in fiscal 2010.

The State would retain 70% of registration fees annually, 76% of motor vehicle excise taxes, and all lien, driver's license, VEIP, and titling fees. This could result in an increase of revenues retained by the TTF of \$1,214,200 in fiscal 2006, \$269,800 in fiscal 2007, \$899,800 in fiscal 2008, \$389,500 in fiscal 2009, and \$1,019,500 in fiscal 2010.

Excise tax would not be collected on existing motor scooters as the vehicles were subject to the 5% sales tax when purchased, which would be deducted from their excise tax.

General fund revenues would decrease by \$71,250 in fiscal 2006 and by \$95,000 annually thereafter as vehicles subject to the excise tax are no longer subject to the sales tax.

The MVA advises that dealers of motor scooters would now have to get a motorcycle dealer's license. Legislative Services advises that many motor scooter dealers are probably already motorcycle dealers; therefore, the impact of this is likely to be minimal. General fund revenues could increase to the extent that motor scooters and mopeds are subject to monetary penalties under the Maryland Vehicle Law. Any such increase cannot be reliably estimated at this time but is assumed to be minimal.

State Expenditures: The MVA advises that one full-time and one part-time customer service agent are needed for every 10,000 vehicles registered. Since the demand may vary by branch, Legislative Services advises that on-call contractual assistance would be more appropriate.

TTF expenditures could increase by an estimated \$391,071 in fiscal 2006, which accounts for the bill's October 1, 2005 effective date. This estimate includes the cost of hiring three MVA contractual employees for one year to assist with testing licensees to receive a Class M license, one contractual employee for two years at the MVA's call center, and ongoing contractual assistance. SHA advises that it would exercise its right to post signs at all interchanges to controlled access highways, blocking motor scooters from access. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate includes the following costs:

Salaries and Fringe Benefits	\$144,011
Titling, Plate Manufacture, and Promotion	34,300
Signs at Interchanges	168,000
Start-up Costs	19,240
Operating Expenses	<u>25,520</u>
Total FY 2006 State Expenditures	\$391,071

Future year expenditures reflect: (1) the departure of the temporary contractual employees; (2) the reduction in numbers of vehicles that need to be titled and issued registration plates; and (3) 1% increases in ongoing operating expenses.

The MVA advises that computer reprogramming costs would total \$35,000. Legislative Services advises that, if other legislation is passed that affects the registration system, economies of scale could be realized. This would reduce the costs associated with this bill and other legislation affecting the MVA system.

Local Revenues: Local highway user revenues distributed from the GMVRA could increase by \$227,100 in fiscal 2006, \$62,700 in fiscal 2007, \$272,700 in fiscal 2008, \$102,600 in fiscal 2009, and \$312,600 in fiscal 2010.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation, National Conference of State Legislatures, Department of Legislative Services

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