

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 757 (Allegany County Delegation and Garrett County Delegation)
Environmental Matters

**Vehicle Laws - Vehicle Registration Plates for Nonprofit Organizations
Promoting Maryland**

This bill authorizes the Motor Vehicle Administration (MVA) to develop and make available for qualifying vehicles specially designed registration plates honoring nonprofit organizations. The MVA must adopt regulations consistent with the Maryland Vehicle law to govern the issuance of these special registration plates.

Fiscal Summary

State Effect: Potential increase in Transportation Trust Fund (TTF) expenditures to design, manufacture, and distribute special nonprofit registration plates. Potential increase in TTF revenues for sales of special nonprofit registration plates.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: A nonprofit organization may apply to the MVA for the development of special registration plates with a background scene that relates to the nonprofit agency and promotes either the State's heritage, accredited private and public institutions of higher learning, geographic regions, military organizations, or amateur or professional athletic teams (nonprofit plate). The nonprofit organization must post a bond of \$25,000 before the MVA designs and develops the nonprofit plate. The bond is forfeited to the MVA if, by two years after the bond is posted, the MVA has received fewer than 1,000

requests for the nonprofit plate. The bond is canceled if, by two years after the bond is posted, the MVA has received at least 1,000 requests for the nonprofit plate.

The MVA is authorized to limit production of, recall, or cease to offer a nonprofit plate. Vehicles that are eligible for nonprofit plates include Class A passenger vehicles, motorcycles, Class E trucks with a manufacturer's rated capacity of 2,000 pounds or less, and Class M multipurpose vehicles, which includes SUVs and minivans. The owner of the motor vehicle who is applying for plates must provide proof that he or she is a member or a surviving spouse of a member of the nonprofit organization. If the owner is a surviving spouse of a member, he or she must prove that the spouse held the nonprofit plate at the time of death.

The owner of the vehicle must pay a special fee retained by the MVA at the time of registering the vehicle or registration renewal. The MVA must set this fee to recover but not exceed its costs of plate development. This fee may not be credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA). Vehicles exempt from registration fees are also exempt from the special fees under this bill.

Current Law: The MVA may issue special commemorative original or substitute registration plates for a geographical, historical, natural resource, or environmental commemoration of statewide significance. The plate can be issued for Class A (passenger), Class B (for hire), Class G (trailer), and Class M (multipurpose) vehicles. In addition to the annual registration fee, the vehicle owner must pay an additional initial registration fee when the new special plates are issued and an additional renewal fee set by the MVA each time the plate is renewed.

The MVA must set the additional registration fee at a level that will enable it to recover its costs. No portion of the additional initial registration or renewal fees may be credited to the GMVRA for distribution. Neither surplus funds from the initial fee nor any additional renewal fees may be retained or transferred to any State agency for any purpose. The MVA currently collects additional fees for issuance and renewal of plates that benefit the Chesapeake Bay Trust and the Maryland Agricultural Education Foundation.

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

Background: The MVA sells plates honoring many organizations; however, currently these plates have a small logo indicating the organization being honored, not a background design. Plates with a small logo are easily altered.

Six bills were introduced in the 2004 session to require the MVA to offer special registration plates honoring three different items: mountain Maryland; “Fear the Turtle” scholarship plates for the University of Maryland, College Park; and plates commemorating education. None passed. This bill develops procedures to allow nonprofit organizations to apply to have special registration plates honoring their organization issued without requiring legislation to be passed by the General Assembly.

State Fiscal Effect: The impact on State expenditures and revenues would be dependent on the number of nonprofit organizations that applied to the MVA to have plates made and the number of plates sold. It is likely that demand for nonprofit registration plates would be very low, as nonprofit organizations must be willing to post a \$25,000 bond in order to have plates designed. Further, the sale of plates would be restricted to members of the nonprofit organization and surviving spouses. Therefore, demand for nonprofit plates would likely be well below 10,000 plates annually.

The MVA fee to recover plate costs is included in the price of the plate. The MVA fee for organizational plates is currently \$25. The MVA pays State Use Industries \$16.85 to manufacture and distribute each pair of license plates. The MVA advises that its upfront costs (plate design, printed materials, etc.) total approximately \$8,050. Therefore, the MVA must sell 988 plates at \$25 (for a total of \$24,700) to break even.

While the MVA would recoup its costs even if it does not sell 988 plates, it must wait two years before it could cash the bond to receive its money. Therefore, any expenditures for issuing new special registration plates with a background design might not be fully covered by additional revenue in the same fiscal year. The MVA advises that, if the number of plates sold annually totals less than 10,000, as it expects, it could handle the administrative costs with existing resources.

Additional Information

Prior Introductions: None.

Cross File: SB 684 (Senator Hafer) – Judicial Proceedings.

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

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