

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

Senate Bill 817 (Senator Giannetti)
 Finance

Motor Vehicle Liability Insurers - Fees - Vehicle Theft Prevention Fund

This bill requires each insurer that issues, sells, or delivers motor vehicle liability insurance policies in the State to pay an annual fee of \$1 for each motor vehicle in the State covered by the insurer to the Vehicle Theft Prevention Fund.

Fiscal Summary

State Effect: Special fund revenues could increase by approximately \$4.5 million annually to pay for vehicle theft prevention programs and grants. Expenditures would not be affected.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
GF Revenue	-	-	-	-	-
SF Revenue	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000

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

Local Effect: Local government expenditures for motor vehicle insurance could increase to the extent their insurers increase their rates because of the bill.

Small Business Effect: Minimal.

Analysis

Current Law: The Vehicle Theft Prevention Fund is a special fund established to pay for the operating and program costs of the Vehicle Theft Prevention Council in the

Department of State Police. The council may make grants from the fund for motor vehicle theft intervention programs. The fund receives \$2 million annually from penalties imposed for lapsed motor vehicle insurance under a formula, money received by the council or fund from any other source, and investment earnings.

State Revenues: There are approximately 4.5 million motor vehicles registered in the State. Assuming each of these vehicles is covered by motor vehicle liability insurance, revenues for the Vehicle Theft Prevention Fund would increase by approximately \$4.5 million annually.

General fund revenues from the premium tax administered by the Maryland Insurance Administration would increase to the extent insurers increase rates because of the bill. Any such increase cannot be accurately estimated but is assumed to be minimal.

Additional Information

Prior Introductions: None.

Cross File: HB 833 (Delegate Menes, *et al.*) – Economic Matters.

Information Source(s): Department of State Police, Maryland Insurance Administration, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2005
ncs/ljm

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