

Department of Legislative Services  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

Senate Bill 453  
Judicial Proceedings

(Senator Hooper)

---

**Motor Vehicles - Registration - Show Class Vehicles**

---

This bill creates a new “show” class (Class O) of motor vehicles, requires the Motor Vehicle Administration (MVA) to issue a special registration plate for Class O motor vehicles, and establishes a volunteer review board to approve of applications for registration.

---

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) revenues would decrease due to decreased registration revenues and emissions inspection revenues for show class vehicles. Special fund revenues for the Maryland Institute for Emergency Medical Services Systems (MIEMSS) and the Trauma Physician Services Fund (TPSF) would also decrease. TTF expenditures would increase by \$139,100 in FY 2007 to hire one part-time employee to assist with the registration and certification of mileage for show class vehicles and to develop and manufacturer the new registration plate. Potential additional increase in TTF expenditures in FY 2007 only for computer reprogramming expenses.

**Local Effect:** Local revenues would decrease from a decrease in revenues distributed through the Gasoline and Motor Vehicle Revenue Account (GMVRA) as highway user revenues.

**Small Business Effect:** None.

---

## Analysis

**Bill Summary:** A new registration class (O) of “show” vehicles is created, consisting of vehicles that have decorative features or alterations; are maintained for use in parades, holiday or weekend activities, shows, repair facilities, or similar uses; and not used for daily transportation or primarily for the transportation of passengers or property on highways. Show vehicles must be driven less than 5,000 miles annually. Show vehicles will be exempt from any statute requiring periodic inspections, emission controls, or maximum sound limits including the Vehicle Emissions Inspection Program (VEIP).

The Show Class Vehicle Volunteer Review Board consists of four members of the general public; one automotive technician, appointed by the Administrator of the MVA; and one member from the Department of State Police, appointed by the Secretary of State Police. The MVA must staff the review board. Members are not entitled to compensation but are entitled to reimbursement for expenses. The review board must establish an application process for registering show class vehicles, including a requirement that the applicant submit photographs of specified views of the vehicle. In addition, the board must approve or deny the application for registration and verify the mileage of each Class O vehicle every six months.

The MVA must set the registration fee in an amount necessary to cover the costs of registering the Class O vehicle, and the MVA is required to issue a special registration plate for these vehicles.

Registrations are not transferable, and when a vehicle is transferred, the new owner must also apply for a show vehicle registration. Show vehicles are exempt from the \$13.50 surcharge collected for MIEMSS and other related emergency uses.

**Current Law:** The MVA has several classes of nonstandard vehicles, including historic (Class L) and street rod (Class N) vehicles.

“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.

A street rod (Class N) vehicle is defined as a motor vehicle, that:

- is 25 years old or older; and

- has been substantially altered from the manufacturer's original design.

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

Historic and street rod registered vehicles pay a biennial registration fee of \$50 each, and are exempt from the \$13.50 surcharge collected for MIEMSS and related emergency uses.

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:** Although not technically historic or street rod vehicles, many vehicles have been altered to appear primarily in parades and shows and are not intended for daily transportation. Such vehicles could include vehicles modified to look like cartoon animals or furniture.

**State Revenues:** There is no reliable estimate of how many vehicles would be eligible to be show vehicles; however, the MVA believes as many as 6,000 vehicles could become show vehicles.

*For illustrative purposes only*, assuming that 6,000 vehicles were approved by the review board, State revenues would decrease by \$487,500 in fiscal 2007. This is based on the following assumptions:

- 6,000 vehicles would switch to a Class O (show) registration in fiscal 2007 (assuming that people whose registrations were due to be renewed between July 1, 2006 and September 30, 2006 would choose to garage their vehicles instead of reregistering them);
- the population of show class vehicles does not increase after fiscal 2007;
- a current biennial registration fee of \$140 (based on a weighted average of registration fees for Class A (passenger), Class M (multipurpose), and Class E (truck) vehicles);
- a biennial registration fee of \$51 for show class vehicles (the same as the fee for historic vehicles);
- 3,000 vehicles would be due to renew their registrations in fiscal 2007 and 3,000 in fiscal 2008;

- vehicles scheduled to renew registrations in fiscal 2008 would receive a refund of \$83.50 (one year's registration revenue and one year's surcharge revenues, for a total of \$250,500 refunded); and
- 3,000 would be due to be inspected by VEIP in fiscal 2007, and 3,000 would be due in fiscal 2008.

**Exhibit 1** summarizes the revenue loss under this scenario for both the State and local governments in fiscal 2007 through 2011.

---

**Exhibit 1**  
**Projected State and Local Revenue Loss in Fiscal 2007 through 2011**

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
TTF – State	\$268,800	\$336,000	\$121,800	\$336,000	\$121,800
MIEMSS	99,000	66,000	66,000	66,000	66,000
TPSF	22,500	15,000	15,000	15,000	15,000
<b>Subtotal State</b>	<b>390,300</b>	<b>417,000</b>	<b>202,800</b>	<b>417,000</b>	<b>202,800</b>
TTF – Local Aid	97,200	126,000	34,200	126,000	34,200
<b>Total</b>	<b>\$487,500</b>	<b>\$543,000</b>	<b>\$237,000</b>	<b>\$543,000</b>	<b>\$237,000</b>

---

**State Expenditures:** *For illustrative purposes only*, TTF expenditures could increase by an estimated \$139,102 in fiscal 2007, which accounts for the bill's October 1, 2006 effective date. This estimate reflects the cost of hiring one part-time customer service agent (grade 10) to staff the review board and verify show vehicle mileage annually. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Start-up Costs	\$104,487
Salary and Fringe Benefits	15,937
Review Board Expenses	2,403
Operating Expenses	<u>16,275</u>
<b>Total FY 2007 State Expenditures</b>	<b>\$139,102</b>

Future year expenditures reflect: (1) a full salary with 4.6% annual increases and 3% employee turnover; (2) the elimination of start-up costs; and (3) 1% annual increases in ongoing operating expenses.

Although the MVA estimates computer reprogramming would total \$270,000, 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.

**Local Revenues:** *For illustrative purposes only*, if 6,000 vehicles were registered as show vehicles, local revenues from local highway user revenues from the GMVRA could decrease by \$97,200 in fiscal 2007, \$126,000 in fiscal 2008 and fiscal 2010, and by \$34,200 in fiscal 2009 and fiscal 2011.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 26, 2006  
ncs/ljm

---

Analysis by: Nora C. McArdle

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510