

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 533 (Senator Hafer, *et al.*)
 Judicial Proceedings

Vehicle Laws - Registration Plates Honoring Mountain Maryland

This bill requires the Motor Vehicle Administration (MVA) to develop a registration plate honoring the statewide significance of Mountain Maryland (Allegany, Garrett, and Washington counties).

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues could increase by \$350,000 in FY 2007 and TTF expenditures could increase by \$143,400 in FY 2007. Potential additional increase in TTF expenditures in FY 2007 only for computer costs. Out-year expenditures reflect inflation and annualization.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
SF Revenue	\$350,000	\$175,000	\$275,000	\$225,000	\$325,000
SF Expenditure	143,400	27,200	27,600	28,200	28,700
Net Effect	\$206,600	\$147,800	\$247,400	\$196,800	\$296,300

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill directs the MVA to develop and make available, in consultation with the Greater Allegany Business Foundation, the Garrett County Economic

Development Corporation, and the Hagerstown-Washington County Convention and Visitors Bureau, a license plate designed to honor the statewide significance and contributions of Mountain Maryland, comprising Allegany, Washington, and Garrett counties.

In addition to the State motor vehicle registration fee, applicants for this plate must pay a one-time fee set by the MVA to recover its costs. Applicants must pay an additional fee that is to be distributed to the TTF. The additional fee must be paid when the plates are issued and every time they are renewed. No portion of the additional fees under the bill may be credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA).

Vehicle owners and lessees (if the lease is not intended as a security), as well as a director, officer, employee, or partner of a business entity that owns an eligible vehicle, may apply to the MVA for a Mountain Maryland plate. The plate may be purchased for the following classes of vehicles:

- Class A (passenger);
- Class B (for hire);
- Class E (truck with a manufacturer's rated capacity of one ton or less);
- Class E (farm truck);
- Class G (trailer); and
- Class M (multipurpose).

The bill directs the MVA to adopt regulations governing the issuance of Mountain Maryland plates.

Current Law: The MVA may issue special commemorative original or substitute registration plates for any geographical, historical, natural resource, or environmental commemoration of statewide significance. Generally, 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 otherwise required, an owner of a vehicle assigned a commemorative registration plate generally must pay an additional initial registration fee set by the administration when the new registration plates are issued to the vehicle and an additional renewal fee set by the MVA each time the plate is renewed.

The MVA must set the additional initial 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. Any surplus monies remaining after the MVA has recovered the costs of issuing a commemorative plate and monies collected for additional renewal fees may not be retained by 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 fee revenue collected by the MVA is distributed to the local jurisdictions through GMVRA. However, as noted above, revenues from special commemorative plates, including those honoring State agriculture and veterans, are often exempt from this requirement.

Background: The Greater Allegany Business Foundation is a private nonprofit organization that collaborates on economic development projects with the county. The Allegany County Department of Economic Development provides staff for the foundation. It provides consultation and business development and some direct financial assistance for marketing and computers. The Garrett County Economic Development Corporation is also a private nonprofit corporation that assists the county with business development and provides low-interest loans to businesses for construction and capital costs.

The Hagerstown-Washington County Convention and Visitors Bureau provides businesses and visitors to Washington County with information ranging from accommodations, dining, meeting and convention planning, special events, golf, shopping, cultural and historical attractions, and much more.

State Revenues: TTF revenues could increase by approximately \$350,000 in fiscal 2007, \$175,000 in fiscal 2008, \$275,000 in fiscal 2009, \$225,000 in fiscal 2010, and \$325,000 in fiscal 2011, assuming 10,000 plates are issued in fiscal 2007 and 5,000 plates annually thereafter. The MVA expects to charge a \$25 additional fee for new plates to recover costs, and an additional \$10 fee.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
State (one-time cost recovery fee)	\$250,000	\$125,000	\$125,000	\$125,000	\$125,000
State additional fee from new issues and renewals starting in fiscal 2009	\$100,000	\$50,000	\$150,000	\$100,000	\$200,000

State Expenditures: TTF expenditures would increase by approximately \$143,394 in fiscal 2007 to develop, manufacture, and issue the plate and to inform the public of its availability.

This estimate reflects the cost of hiring a contractual part-time manager in fiscal 2007 only. It includes a salary, fringe benefits, and one-time start-up costs. Annual

contractual assistance for sorting and mailing operations will be approximately \$10,000 annually. The estimate is based on the following assumptions:

- plate manufacturing will cost \$29,040, and plate design will cost an additional \$10,000;
- the cost of promoting the plate and altering renewal notices (through contractual services) will be \$70,576; and
- the MVA will issue 10,000 plates in fiscal 2007 and 5,000 plates annually thereafter.

Salary and Fringe Benefits	\$38,778
Operating Expenses	3,936
Contractual Costs (manufacturing/promotion)	<u>100,680</u>
Total FY 2007 State Expenditures	\$143,394

Future year expenditures reflect a 1% annual increase in ongoing operating expenses and the elimination of certain start-up costs, such as personnel and promotional materials. Legislative Services advises that the inclusion of a project manager reflects the MVA's experience with other popular commemorative plates that could not be issued in a timely manner because of staffing deficiencies.

The MVA advises that it needs two temporary clerical workers and a full-time customer service agent in fiscal 2007. However, Legislative Services advises that many vehicle owners may purchase the plate when their current ones expire rather than generating a new transaction.

The MVA also estimates that it will cost \$187,500 to make computer and web site programming changes. Legislative Services advises that, if other legislation is passed that requires changes to the registration system, economies of scale could be realized and thus lower these programming costs.

Additional Comments: Legislative Services observes that, as additional special plates are created and create more competition among vehicle owners, the sales for all special plates could diminish as a result.

Additional Information

Prior Introductions: SB 180, a bill also honoring Mountain Maryland, was introduced in 2004 but received an unfavorable report from the Senate Judicial Proceedings Committee.

Cross File: HB 278 has been designated as a cross file, but it is not identical.

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

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nas/ljm

Analysis by: Nora C. McArdle

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