

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 315 (Senator Della)
Judicial Proceedings

Motor Vehicles - Motorized Minibikes - Standards and Requirements

This bill requires motorized minibikes to be registered with the Motor Vehicle Administration (MVA). The bill also defines motor scooters and mopeds as motorized minibikes, alters the definition of motor vehicle to include motorized minibikes, and authorizes the State Highway Administration (SHA) to prohibit the use of motor scooters and mopeds on controlled access highways.

Fiscal Summary

State Effect: State revenues could increase by \$3.1 million in FY 2007. Future year estimates reflect a biennial vehicle registration schedule and a slight increase in the number of motorized minibikes sold. State Transportation Trust Fund (TTF) expenditures could increase by \$362,900 in FY 2007. Future year expenditures reflect departure of temporary employees and inflation.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
GF Revenue	(\$71,300)	(\$96,000)	(\$96,900)	(\$97,900)	(\$98,900)
SF Revenue	3,175,900	387,600	2,372,700	581,600	2,568,600
SF Expenditure	362,900	203,100	190,000	176,900	195,600
Net Effect	\$2,741,700	\$88,500	\$2,085,800	\$306,800	\$2,274,100

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

Local Effect: Local government revenues could increase by \$446,800 in FY 2007 due to an increase in motor vehicle excise tax revenue and vehicle registration fees.

Small Business Effect: Minimal.

Analysis

Bill Summary: Motorized minibikes are defined as a motor vehicle that has two or three wheels and is not a motorcycle. This includes, but is not limited to, motor scooters and mopeds. Motorized minibikes are considered Class D (motorized minibike) vehicles, and as such need to be titled and registered. The annual registration fee for a Class D (motorized minibike) vehicle is \$35. An application for title must include the engine number of a motorized minibike. Motorized minibikes must meet specified equipment requirements.

SHA or any local jurisdiction may restrict motorized minibike operators from any controlled access highway in its jurisdiction. A political subdivision may not adopt or enforce parking regulations that prohibit more than one motorized minibike from parking in one indicated space.

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 (\$27 biennially) collected primarily for the Maryland Emergency Medical Systems Operation Fund (MEMSOF) unless exempted. Registration fee revenue is deposited into the Gasoline and Motor Vehicle Revenue Account (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. By regulation, motorcycles 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.

Background: Motor scooters and mopeds 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; scooters retain gas mileage at 50 to 70 miles to the gallon and take approximately \$5 to fill the tank. Scooter sales (estimated at 96,000 in 2004 in the U.S.) have doubled since 2000.

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

State Revenues: The exact number of motor scooters, mopeds, and motorized minibikes that would need to be titled and registered is unknown; however, as sales of motor scooters have become popular, it is likely that the number of motor scooters and mopeds in the U.S. is close to a million. Accordingly, State revenues could increase by \$3.1 million in fiscal 2007. The TTF would retain 76% of motor vehicle excise taxes, 70% of all registration fees, and all lien, driver's license, and titling fees. 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 2007 and by \$98,857 in fiscal 2011 as vehicles subject to the excise tax are no longer subject to the sales tax.

Exhibit 1 shows the projected impact on State and local revenues, by fund, over the next five years. This estimate is based on the following assumptions:

- 19,000 existing vehicles would need to be registered and another 1,425 purchased in fiscal 2007 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;
- motor scooters, pocket bikes, and mopeds would not be subject to VEIP inspection;
- 10% (2,043) 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.

Exhibit 1
Projected State and Local Revenue Increase

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Vehicles Registering	20,425	1,919	22,363	3,877	24,340
Vehicles Titling	20,425	1,919	1,938	1,958	1,977
Special Fund Revenue					
Registration Fees	\$1,429,750	\$134,330	\$1,565,423	\$271,360	\$1,703,824
Titling Fees	469,775	44,137	44,578	45,024	45,474
Lien	40,850	3,838	3,876	3,915	3,954
Excise Tax	71,250	95,950	96,910	97,879	98,857
Driver's License Fees	612,750	57,570	58,146	58,727	59,314
MEMSOF	449,350	42,218	491,990	85,285	535,487
Trauma Fund	102,125	9,595	111,816	19,383	121,702
Sub Total	\$3,175,850	\$387,638	\$2,372,739	\$581,573	\$2,568,613
General Fund Revenue					
Sales Tax	-\$71,250	-\$95,950	-\$96,910	-\$97,879	-\$98,857
Total State Revenue	\$3,104,600	\$291,688	\$2,275,830	\$483,694	\$2,469,756
Revenue Distribution					
TTF – State	\$2,178,350	\$272,498	\$1,276,048	\$372,006	\$1,376,551
GF – State	-71,250	-95,950	-96,910	-97,879	-98,857
MEMSOF	449,350	42,218	491,990	85,285	535,487
Trauma Fund	102,125	9,595	111,816	19,383	121,702
Local Government	446,025	63,327	492,885	104,899	534,873

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 \$362,901 in fiscal 2007, which accounts for the bill's October 1, 2006 effective date. This estimate includes the cost of hiring six 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.

Salaries and Fringe Benefits	\$276,144
Titling, Plate Manufacture, and Promotion	41,314
Start-up Costs	5,135
Operating Expenses	<u>40,308</u>
Total FY 2007 State Expenditures	\$362,901

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% annual increases in ongoing operating expenses.

The MVA advises that it expects to issue 150 new licenses to vendors of pocket bikes and scooters; Legislative Services advises that almost all dealers probably also sell motorcycles, and already have a license, therefore the impact would be minimal.

The MVA advises that it expects computer reprogramming to cost \$260,000 in fiscal 2007 to comply with this bill. 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.

Local Revenues: Local government revenues from highway user revenues distributed from the GMVRA could increase as illustrated in Exhibit 1.

Additional Information

Prior Introductions: Two similar bills, HB 1179 and HB 1264, were introduced in the 2005 session. HB 1179 was heard by the House Environmental Matters Committee, but was withdrawn. HB 1264 received an unfavorable report from the House Environmental Matters Committee. Previous introductions did not include pocket bikes as motor vehicles.

Cross File: None.

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

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mll/ljm

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