

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 456

(Senators Mooney and Kasemeyer)

Judicial Proceedings

Environmental Matters

Vehicle Laws - Special Dealer Registration Plates - Authorized Uses

This bill authorizes a licensed motor vehicle dealer to lend a vehicle with Class 1A (special dealer) registration plates to an educational institution that provides accommodations for the deaf and hearing impaired for its driver's education instruction.

The bill takes effect June 1, 2006.

Fiscal Summary

State Effect: Minimal increase in Transportation Trust Fund (TTF) revenues from additional fees for Class 1A (dealer) registration plates. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The loan of the vehicle must be made pursuant to a manufacturer-sponsored driver's education loan program, provided the program is approved by the Motor Vehicle Administration (MVA). The vehicle in question does not need to be titled. An educational institution is a public school or a public institution of higher education.

Current Law: If a licensed dealer owns a vehicle that is mainly used in the dealer's business and that otherwise is required to be registered, the dealer may apply to the MVA for the issuance of as many Class 1A (dealer) registration plates as the MVA authorizes. The dealer may attach these plates to vehicles to lend the vehicle to a prospective buyer for demonstration purposes and permit the prospective buyer to drive the vehicle for a 10-day period, regardless of the use the vehicle will be put to.

Background: Frederick Community College (FCC) provides driver's education to a number of individuals, including a large number of students who are deaf or hearing impaired. FCC is located near the Maryland School for the Deaf, which does not own a vehicle for driver's education, although it is certified for classroom instruction. FCC has obtained its vehicles for driver's education at no cost under a manufacturer-sponsored loan program from Renn Kirby Pontiac.

The terms of the program allow Renn Kirby to sell the vehicles after returned as new demonstrator vehicles, as opposed to as used vehicles. The vehicles have always had Class 1A (dealer) registration plates, but recently the Frederick City police issued FCC a warning for impermissible use of Class 1A (dealer) registration plates. The MVA and the Attorney General investigated the matter but determined there was no existing authority to allow dealers to lend the vehicles with Class 1A (dealer) registration plates.

State Fiscal Effect: The MVA advises that seven educational institutions in the State offer driver's education instruction to the deaf and hearing impaired; of those, six purchase vehicles (an average of four per location), and the other is FCC. Even if all six other schools chose to participate in this program and all were to qualify as an educational institution assisting the hearing impaired, the MVA advises that it could absorb any additional expenditures with existing resources.

If no additional educational institutions participated in this program, the bill would have no effect on revenues. However, if additional institutions participated, the effect would be dependent on whether the dealer already has Class 1A (dealer) plates for the vehicle.

For each additional set of Class 1A (dealer) plates the dealer needed to obtain, MVA revenues would increase by approximately \$50, the cost of a set of additional Class 1A (dealer) registration plates. This is a one-time fee. The MVA advises that it would lose the titling fee for each vehicle loaned, or \$23. Legislative Services advises that the intent of the program is to sell the vehicles as new demonstrator models, and the titling revenue is not lost, merely shifted.

Assuming that the vehicles are returned to the dealer every year, the effect of each additional vehicle would be an increase in TTF revenues of \$50 for each additional pair

of Class 1A (dealer) registration plates sold. The exact amount of the revenue increase would depend on the number of vehicles participating; however, the number of additional vehicles participating is assumed to be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Maryland Department of Transportation, Maryland Higher Education Commission, Department of Legislative Services

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