

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 548

(Delegate Miller, *et al.*)

Environmental Matters

Judicial Proceedings

Vehicle Laws - Historic Motor Vehicles - Registration

This bill alters the definition of historic motor vehicle, creates a subclassification of historic vehicles that are at least 60 years old, and sets a one-time registration fee for such vehicles.

The bill takes effect January 1, 2007.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would decrease by \$1,300 in FY 2007 due to collection of a one-time permanent registration fee for historic vehicles that are at least 60 years old rather than the biennial renewal registration fee for historic motor vehicles. Future year revenue reductions reflect a two-year implementation schedule for switching registrations to a permanent registration. Potential increase in TTF expenditures for computer reprogramming in FY 2007 only.

| (in dollars) | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|----------------|------------|------------|------------|-------------|-------------|
| SF Revenue | (\$1,300) | (\$2,700) | (\$69,700) | (\$136,800) | (\$136,800) |
| SF Expenditure | 10,300 | 10,600 | 5,300 | 0 | 0 |
| Net Effect | (\$11,600) | (\$13,300) | (\$75,000) | (\$136,800) | (\$136,800) |

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

Local Effect: Local government revenues would decrease by \$400 in FY 2007, \$800 in FY 2008, and \$21,000 in FY 2009 due to a decrease in Gasoline and Motor Vehicle Revenue Account (GMVRA) revenues distributed to local governments as highway user revenues. Revenues would decrease by \$41,000 annually thereafter.

Small Business Effect: None.

Analysis

Bill Summary: The altered definition of a historic motor vehicle (Class L) is a vehicle that is at least 20 years old.

A new subclassification of historic vehicles is created, consisting of vehicles that were manufactured in a model year at least 60 years prior to the current model year.

Vehicles in this subclassification will be subject to a one-time permanent registration fee of \$50.

Registrations are not transferable. When such a vehicle is transferred, the new owner must apply for a new historic vehicle permanent registration.

Current Law: “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.

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

The current annual registration fee for historic vehicles is \$25.50, with renewal registration on a biennial basis. Historic and street rod (Class N) registered vehicles are exempt from the \$13.50 surcharge collected for the Maryland Institute for Emergency Medical Services System (MIEMSS). Historic motor vehicles may display two vintage registration plates instead of the issued historic registration plates if the vintage plates are from the year of manufacture and the owner pays an additional one-time fee of \$25.50.

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: Many states differentiate between historic vehicles and other vehicles and charge separate registration fees. For example:

- Michigan requires owners of historic vehicles to pay a \$30 registration fee every 10 years;
- Missouri permits owners of historic vehicles used solely as a collector's item and driven less than 1,000 miles per year to pay a one-time registration fee of \$25.25;
- Kentucky offers permanent registration of a historic vehicle used primarily for exhibition in shows, parades, tours, and other special uses, for a one-time fee of \$100; and
- Alaska charges a one-time fee of \$10 per owner, payable when a historic motor vehicle changes hands.

Other states offer a special historic plate for a historic vehicle, but charge the same annual registration fee as other vehicles. Arizona even charges an additional \$25 application fee and \$10 renewal fee for a historic license plate.

State Revenues: The MVA advises that there are currently 5,365 eligible vehicles currently registered as historic vehicles. Owners of these vehicles would pay the one-time \$50 registration fee, rather than \$51 to renew their historic registrations on a biennial basis, resulting in a net loss per vehicle of \$1 at the time of each re-registration and \$51 every two years thereafter. These re-registrations would take place in the two years after the implementation date of the bill, January 1, 2007.

The MVA advises that approximately one-fourth of vehicles would re-register in fiscal 2007, one-half in fiscal 2008, and the remaining one-fourth in 2009. Registrations from new vehicles of persons moving into the State or aging of current historic vehicles to qualify are assumed to be minimal.

Accordingly, TTF revenues would decrease by \$1,341 in fiscal 2007 (1,341 permanent re-registrations) and by \$2,683 in fiscal 2008 (2,683 re-registrations). Revenues in fiscal 2009 would decrease by \$69,732, reflecting both the 1,341 owners re-registering their cars and the revenue from the loss of 1,341 owners who re-registered their vehicles in fiscal 2007. By fiscal 2010, all such vehicles would have been re-registered, and owners would owe no renewal fees. Accordingly, revenues would decrease by \$136,808 annually.

Seventy percent of registration fees are retained in the TTF. Thus, the State's portion of the loss is \$939 in fiscal 2007, \$1,878 in fiscal 2008, \$48,812 in fiscal 2009, and \$95,765 annually beginning in fiscal 2010.

State Expenditures: Although the MVA estimates that costs for computer reprogramming would total \$112,500, 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: Imposition of a one-time registration fee would reduce local highway user revenues from the GMVRA by \$402 in fiscal 2007, \$805 in fiscal 2008, and \$20,920 in fiscal 2009. Beginning in fiscal 2010, local highway revenues from the GMVRA would decrease by \$41,042 annually.

Small Business Effect: There would be no small business effect unless a small business owned an antique motor vehicle. Any effect would be minimal.

Additional Information

Prior Introductions: Two similar bills, SB 13 as amended and HB 1387, were introduced in the 2005 session. SB 13 passed the Senate and was heard in the House Environmental Matters Committee, but no further action was taken. HB 1387 was heard in the Environmental Matters committee, but no further action was taken.

Cross File: SB 184 (Senator Haines) – Judicial Proceedings.

Information Source(s): Missouri Revised Statutes, Alaska Department of Motor Vehicles, Kentucky Revised Statutes, Arizona Department of Transportation, Michigan Vehicle Code, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2006
ncs/ljm Revised - House Third Reader - April 24, 2006

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