

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 153 (Garrett County Delegation and Allegany County Delegation)
 Environmental Matters

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 and Garrett counties). The MVA must charge a fee for that plate to benefit the Chesapeake Bay Trust and the Maryland Agricultural Education Foundation, Inc.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues could increase by \$300,000 and TTF expenditures could increase by \$148,400 in FY 2008. Potential additional increase in TTF expenditures in FY 2008 only for computer costs. Out-year expenditures reflect inflation and annualization.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
SF Revenue	\$300,000	\$150,000	\$150,000	\$150,000	\$150,000
SF Expenditure	148,400	27,000	27,700	28,300	29,000
Net Effect	\$151,600	\$123,000	\$122,300	\$121,700	\$121,000

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 and the Garrett County Economic Development Corporation, a license plate designed to honor the statewide significance and contributions of Mountain Maryland, comprising Allegany and Garrett counties.

In addition to the State motor vehicle registration fee, applicants must pay a one-time fee set by the MVA to recover its costs. Further, applicants must pay an additional fee that is to be divided and distributed equally to the Chesapeake Bay Trust and the Maryland Agricultural Education Foundation, Inc. The MVA must consult with the Greater Allegany Business Foundation and the Garrett County Economic Development Corporation as to the amount of this additional fee.

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). Specified vehicles are exempt from the additional fee.

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 MVA 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, Inc. However, both programs terminate at the end of June 30, 2008. The current additional fee for both the Chesapeake Bay Trust plate and the agricultural plate is \$20 for initial issuance and \$10 for renewal.

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 Chesapeake Bay Trust, created in 1985 by the General Assembly, is a nonprofit organization designed to encourage public awareness and participation in the restoration and protection of the bay. The trust distributes grants throughout the State primarily to schools; community associations; and State, federal, county, and municipal governments. The trust is funded through direct donations from private citizens and businesses, donations from the tax checkoff on the Maryland income tax return, and sales of the commemorative Chesapeake Bay license plate.

The Maryland Agricultural Education Foundation, Inc. is a nonprofit organization that promotes the education and appreciation of agriculture in the State. It was established in 1989 as a result of the Governor's Task Force on Agricultural Education.

The Greater Allegany Business Foundation, whose legal name is the Cumberland/Allegany County Industrial 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. The foundation 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 MVA advises that it would charge whatever additional fee to benefit the Chesapeake Bay Trust and the Maryland Agricultural Education Foundation that the Greater Allegheny Business Foundation and the Garrett County Economic Development Corporation specified.

State Revenues: TTF revenues could increase by approximately \$300,000 in fiscal 2008 and \$150,000 annually in fiscal 2009, 2010, 2011, and 2012, assuming 10,000 plates are issued in fiscal 2008 and 5,000 plates annually thereafter. The MVA expects to charge a \$30 fee for new plates to recover costs.

Assuming that the additional fee was set at \$10, the additional revenues for the Chesapeake Bay Trust and the Maryland Agricultural Education Foundation are shown below.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Chesapeake Bay Trust	\$50,000	\$25,000	\$75,000	\$50,000	\$100,000
Agricultural Education Foundation	\$50,000	\$25,000	\$75,000	\$50,000	\$100,000
Total	\$100,000	\$50,000	\$150,000	\$100,000	\$200,000

State Expenditures: TTF expenditures would increase by approximately \$148,404 in fiscal 2008 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 2008 only. It includes a salary, fringe benefits, and one-time start-up costs. Annual contractual assistance for sorting and mailing operations would be approximately \$10,000 annually. The estimate is based on the following assumptions:

- plate manufacturing would cost \$29,120, and plate design would cost an additional \$10,000;
- the cost of promoting the plate and altering renewal notices (through contractual services) would be \$66,640; and
- the MVA would issue 10,000 plates in fiscal 2008 and 5,000 plates annually thereafter.

Salary and Fringe Benefits	\$39,332
Operating Expenses	3,312
Contractual Costs (manufacturing/promotion)	<u>105,760</u>
Total FY 2008 State Expenditures	\$148,404

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 would need two temporary clerical workers and a full-time customer service agent in fiscal 2008. 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 would cost \$330,000 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: Similar bills were introduced during the 2006 and 2004 sessions, HB 278 and SB 533 in 2006, and SB 180 and HB 473 in 2004. SB 533 and SB 180 both received unfavorable reports from the Senate Judicial Proceedings Committee. HB 278 was heard by the House Environmental Matters Committee, but no further action was taken, while HB 473 received an unfavorable report from the House Environmental Matters Committee.

Cross File: SB 124 (Senator Edwards) – Judicial Proceedings.

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

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