

**Department of Legislative Services  
Maryland General Assembly  
2007 Session**

**FISCAL AND POLICY NOTE**

House Bill 1263 (Delegates Proctor and Vallario)  
Environmental Matters

**Vehicle Laws - Special Registration Plates - Maryland's Native Heritage and Culture**

This bill requires the Motor Vehicle Administration (MVA) to develop a registration plate honoring the State's Native heritage and culture. The MVA must charge a fee for that plate to benefit the Cedarville Band of Piscataway Indians.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) revenues could increase by \$200,000 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     | \$200,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| SF Expenditure | 148,400   | 27,000    | 27,700    | 28,300    | 29,000    |
| Net Effect     | \$51,600  | \$73,000  | \$72,300  | \$71,700  | \$71,000  |

*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 Cedarville Band of Piscataway Indians, a license plate designed to honor the State's native heritage and culture.

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 distributed to the Cedarville Band of Piscataway Indians. The MVA must consult with the band 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 Native culture 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 Maryland native heritage 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.

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 Cedarville Band of the Piscataway Indians is a social and cultural subgroup of the Piscataway, the indigenous people of Maryland. The band consists of several families and is headed by an elected leader and a Council of Elders. Members of the Cedarville Band live mainly in mid to lower Prince George's County and upper Charles County in Southern Maryland.

The Cedarville Band of Piscataway Indians claims about 500 members and is active in improving and promoting the general welfare of indigenous people through self-governance, educational and economic achievement, and historic and cultural awareness. Since 1982, the band has sponsored an annual festival and pow-wow the first weekend in June, and in 1995 the Piscataway Indian Museum opened its doors to the public for the first time.

**State Revenues:** TTF revenues could increase by approximately \$200,000 in fiscal 2008 and \$100,000 annually thereafter, assuming 10,000 plates are issued in fiscal 2008 and 5,000 plates annually thereafter. The cost-recovery fee is paid only at initial plate purchase. It is assumed that the MVA would set the fee at a level to be competitive with the special plate benefiting Maryland Agricultural Education and the Chesapeake Bay plate. Currently, the MVA charges a \$20 initial fee for those plates. A \$20 fee should be sufficient to allow the MVA to recover its costs, including one-time computer costs within a five-year period. To the extent that it is not sufficient, the MVA would need to set a higher cost-recovery fee. The MVA has advised it would likely charge a \$30 cost-recovery fee.

Assuming that the additional fee to benefit the Cedarville Band were set at \$10 both at initial purchase and renewal, the additional revenues for the Cedarville Band of Piscataway Indians and for the MVA are shown below.

|                 | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> | <u>FY 2012</u> |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| MVA             | \$200,000      | \$100,000      | \$100,000      | \$100,000      | \$100,000      |
| Cedarville Band | \$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>   |
| <b>Total FY 2008 State Expenditures</b>     | <b>\$148,404</b> |

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.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 18, 2007  
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