

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 1035 (Senator DeGrange)
Judicial Proceedings

Vehicle Laws - Motorcycle - Definition

This bill alters the definition of motorcycle to include a vehicle that has two front wheels positioned on a single axle and one rear wheel.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would increase due to motor vehicle excise tax revenues and registration and titling fees from titling and registering motorcycles with two front wheels. Potential increase in TTF revenues from individuals adding a Class M endorsement to their driver's license and/or taking the motorcycle safety class offered by the Motor Vehicle Administration (MVA). Foregone general fund revenues due to foregone sales tax revenues. Any such effects are assumed to be minimal, at this time.

Local Effect: Local revenues would increase from an increase in titling tax revenues and registration fees distributed through the Gasoline and Motor Vehicle Revenue Account (GMVRA) as highway user revenues.

Small Business Effect: None.

Analysis

Current Law: A motorcycle is defined as a self-propelled vehicle that has one front wheel and one rear wheel or two rear wheels on a single axle. If it is equipped with two rear wheels, the rear tread width must not exceed 25 inches. A motorcycle also has a singular front steering road wheel mounted in a fork assembly that passes through a

frame steering bearing and to which is attached a handlebar or other directly operated steering device.

In addition, a motorcycle has a motor with a rating of more than 1.5 brake horsepower and a capacity of at least 49 cubic centimeters (cc) piston displacement, and seat that is straddled by the driver, and except for a windshield or windscreen, does not have any enclosure or provision for an enclosure for the driver or any passenger.

A motorcycle must be registered as a Class D (motorcycle) vehicle. The biennial registration fee for a Class D (motorcycle) is \$97.

A “motor scooter” is a two-wheeled nonpedal vehicle, equipped with a seat and a step-through chassis, with either a motor with a 2.7 brake horsepower rating or an engine of 50 ccs or less. A motor scooter is also equipped with an automatic transmission. A motor scooter may not be operated at a speed in excess of 30 miles per hour.

Titling tax revenue is split between the TTF (76%) and local governments (24%). Registration fee revenue is deposited into the GMVRA; 70% of the revenue is allocated to the TTF, and the remainder is distributed to local governments as highway user revenues.

Background: Although not as much of a mass-market vehicle as two-wheeled motorcycles, “trikes” are also popular. A trike is a three-wheeled motorcycle, customized from a two-wheeled motorcycle. Some individuals prefer trikes because a trike can have a trunk and has increased stability. In addition, it can be more comfortable for a passenger.

Recently, Piaggio, a motor scooter company, introduced the MP3, a vehicle that has two front wheels and one rear wheel. The MP3 has a 244.3 cc engine, and a maximum speed of 77 miles per hour. Because of its size, it would not qualify as a motor scooter but as a motorcycle.

State Fiscal Effect: It is unknown how many new motorcycles would be registered in Maryland due to the change in the definition. Piaggio MP3s are already on sale in Europe and are expected to go on sale in the United States in 2007. Other manufacturers could also follow Piaggio’s example and produce motor scooters and motorcycles with two front wheels.

As motorcycles have to be registered, each new vehicle meeting the definition of motorcycle would be subject to the motor vehicle excise tax of 5%, the titling fee (\$23), and a registration fee of \$97. The Piaggio MP3 has a manufacturer’s suggested retail price of \$6,999; the motor vehicle excise tax at that price is approximately \$350.

Accordingly, for every new Piaggio MP3 registered, TTF revenues would increase by \$470. As registration fees and motor vehicle excise tax revenues are split with local jurisdictions, the TTF would retain \$357. Revenue generated by other motorcycles with two front wheels would depend on the fair market value of the motorcycle.

Additional TTF revenue would be generated by registration renewals. The fee for registration renewal would be \$97 every two years.

In addition to these fees, the MVA charges a \$20 lien fee for vehicles with a lien. The MVA has indicated for other bills that approximately 10% of all vehicles are subject to a lien.

Vehicles now considered motorcycles would no longer be subject to the 5% State sales tax. Accordingly, for the Piaggio MP3, the foregone general fund revenues would be \$350 per vehicle. The amount of foregone sales tax revenues for other motorcycles with two front wheels would depend on the sales price of the vehicle.

The MVA also advises that individuals seeking to register a new motorcycle would need to have a Class M motorcycle endorsement on their driver's license in order to operate it. It is not known how many individuals who would be purchasing a motorcycle with two front wheels would already have an endorsement; accordingly, the magnitude of this effect cannot be reliably estimated.

In order to receive a Class M endorsement, an individual has to get a learner's permit (\$35 fee) and pass the requisite tests. Alternatively, an individual can take an MVA-approved motorcycle safety course. An individual taking that course would receive a certificate of completion and would turn in their current license for one with an endorsement. The MVA advises that this transaction costs \$30.

The MVA offers the motorcycle safety course. The fee is \$175 for the basic rider course or the alternate basic rider course. Alternatively, other institutions such as community colleges and driving schools offer the course as well.

The MVA advises that it does not anticipate additional transactions for motorcycle registrations to significantly increase its workload and that any increase in transactions would have minimal to no fiscal impact.

Local Fiscal Effect: For every new Piaggio MP3 registered, local highway user revenues would increase by \$113 from motor vehicle excise taxes and registration fees. In addition, local highway user revenues would increase from titling and registration of other types of motorcycles with two front wheels and registration renewals.

Additional Information

Prior Introductions: None.

Cross File: HB 1443 (Delegate Gaines) – Environmental Matters.

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

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