

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 217

(Senator Astle, *et al.*)

Judicial Proceedings

Environmental Matters

Vehicle Laws - Special and Commemorative Registration Plates

This bill extends by five years the termination dates of the Chesapeake Bay Commemorative Plate program and the special registration plate honoring State agriculture. Thus, the programs will terminate at the end of June 30, 2013.

The bill also repeals the June 30, 2008 termination date of legislation enacted in 2003 that established the Motor Vehicle Administration's (MVA) authority to set and collect an annual renewal fee for commemorative registration plates. It also repeals the MVA's authority to issue a commemorative registration plate such as the Chesapeake Bay plate or the special registration plate honoring Maryland agriculture to a Class B (for hire) vehicle.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures and revenues would be maintained for the programs beyond FY 2008. In FY 2006, the MVA had expenditures of \$375,000 to purchase plates for these programs, not including processing costs, and revenues of \$890,000. TTF revenues would decrease by \$2,100 in FY 2008 and by \$2,800 annually thereafter due to no longer issuing special or commemorative registration plates for Class B (for hire) vehicles.

Local Effect: To the extent local governments receive grants from the Chesapeake Bay Trust from revenues generated by the commemorative plate, the revenue source would continue beyond FY 2008.

Small Business Effect: None.

Analysis

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, a commemorative plate can be issued for Class A (passenger), Class B (for hire), Class E (truck with manufacturer's rated capacity of one ton or less), 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 administration 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 currently collects additional fees for issuance and renewal of plates that benefit the Chesapeake Bay Trust and the Maryland Agricultural Education Foundation, Inc.; however, the Maryland agricultural plate program and the Chesapeake Bay commemorative plate terminate at the end of June 30, 2008.

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.

State Fiscal Effect: TTF expenditures and revenues from this program would continue past fiscal 2008. After distribution of revenues to the Chesapeake Bay Trust and the Maryland Agricultural Education Foundation, Inc., in fiscal 2006 the MVA retained revenues of \$890,000. The same year, the MVA processed 90,000 original transactions for the two programs (72,000 Chesapeake Bay plates and 18,000 agricultural education plates) and had expenditures of \$375,000 to purchase plates for the program (this does not include processing costs). According to the MVA, in January 2007 there were 224 Chesapeake Bay commemorative and 131 agricultural valid Class B (for hire) registration plates in circulation. In December 2005, there were 181 Chesapeake Bay commemorative and 129 agricultural valid Class B (for hire) registration plates in circulation.

Each registration plate is charged a \$20 initial fee upon registration, and an additional \$10 fee, not credited to local governments, upon renewal.

Accordingly, assuming that the MVA generally issues 50 new sets of special or commemorative registration plates to Class B (for hire) vehicles annually, TTF revenues would decrease by \$2,108 in fiscal 2008 and by \$2,810 in fiscal 2009. This estimate takes into account the bill's October 1, 2007 effective date and assumes that half of all Class B (for hire) commemorative and agricultural registration plates expire each year, or 181 annually. It also assumes that the MVA would allow individuals already possessing commemorative or special registration plates for Class B (for hire) vehicles to keep the plates until the current registration expires. TTF expenditures would decrease by \$136 in fiscal 2008 and by \$182 annually thereafter to no longer manufacture plates for Class B (for hire) vehicles.

Additional Information

Prior Introductions: None.

Cross File: HB 220 (Delegate Biddle, *et al.*) – Environmental Matters.

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

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