

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

Senate Bill 788 (Senator Astle)
 Finance

Maryland Automobile Insurance Fund - Payment of Fees for Motor Vehicle Records - Required

This bill requires the Maryland Automobile Insurance Fund (MAIF) to pay the fee imposed on insurers and other entities for motor vehicle records provided by the Motor Vehicle Administration (MVA) to MAIF.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues could increase by approximately \$3.6 million in FY 2008 and approximately \$4.8 million annually thereafter. General fund revenues from the insurance premium tax would increase by the amount that MAIF increases its premiums because of the bill. Expenditures would not be affected.

(\$ in millions)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
GF Revenue	-	-	-	-	-
SF Revenue	3.6	4.8	4.8	4.8	4.8
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$3.6	\$4.8	\$4.8	\$4.8	\$4.8

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

MAIF: MAIF's expenditures to purchase documents from the MVA would increase in the same amounts that TTF revenues would increase. Any such increase would be offset by an increase in revenues from higher premiums or a decrease in other expenditures.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: The MVA may furnish on request a copy or certified copy of any MVA record. The MVA may establish and charge a fee for each record it furnishes or certifies.

State Revenues: The MVA charges governmental units \$0.025 for each record obtained but charges \$9.00 to businesses, including insurers. MAIF currently pays the rate charged to governmental units for records it obtains from the MVA and obtains an average of 531,000 records annually. Thus, TTF revenues would increase by the difference between the two prices (\$8.975) multiplied by the number of documents purchased. Based on this, TTF revenues could increase by approximately \$3,574,294 in fiscal 2008, which reflects the bill's October 1, 2007 effective date and assumes the number of records obtained remains stable. TTF revenues could increase by approximately \$4,765,725 annually thereafter.

General fund revenues from the 2% insurance premium tax would increase to the extent MAIF raises its rates to offset the increase in its expenditures. *For illustrative purposes*, if MAIF passed the entire amount of the increase in its costs along to its insureds, general fund revenues would increase by approximately \$71,486 in fiscal 2008 and approximately \$95,315 annually thereafter.

MAIF: MAIF's expenditures to purchase records would increase by the same amount that TTF revenues would increase. MAIF would offset any increase in its expenditures by passing the cost on to its insureds in the form of higher premiums and/or to its insurance producers in the form of commission deductions.

Additional Information

Prior Introductions: None.

Cross File: HB 953 (Delegate Feldman) – Economic Matters.

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

Fiscal Note History: First Reader - February 28, 2007
ncs/ljm

Analysis by: T. Ryan Wilson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510