

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 224

(Chair, Environmental Matters Committee)
 (By Request – Departmental – Transportation)

Environmental Matters

Judicial Proceedings

Vehicle Laws - Electronic Titling and Registration - Temporary Registration

This departmental bill requires qualified dealers who use the Motor Vehicle Administration’s electronic titling and registration system to issue temporary registration on permanent registration plates. MVA is authorized to adopt regulations governing such issuance.

Fiscal Summary

State Effect: Transportation Trust Fund expenditures would increase in FY 2009 by \$15,100 due to the upfront costs of contractual services and supplies. TTF expenditures would decrease by \$101,900 in FY 2010 and continue to decrease annually due to reduced production costs. No effect on revenues.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	15,100	(101,900)	(103,900)	(106,000)	(108,100)
Net Effect	(\$15,100)	\$101,900	\$103,900	\$106,000	\$108,100

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

Local Effect: None.

Small Business Effect: The Maryland Department of Transportation has determined that the bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: A dealer who is authorized to issue temporary registration plates and who uses the ERT system is required to issue the temporary registration on permanent registration plates. A dealer is required to submit to MVA on the next business day following the issuance of temporary registration a copy of the buyer's temporary registration application and, if requested, the buyer's application and accompanying fees for annual registration. Dealers are no longer required to notify MVA if the buyer does not request an application for annual registration.

Only a temporary registration plate that is not processed electronically must contain on its face the dates of issuance and expiration as well as the make and identification number of the vehicle.

If processed electronically, an extension in the duration of the temporary registration period is lengthened from 30 days to 60 days. An extension is no longer available for other (nonelectronic) temporary registrations. Destruction of temporary plates is no longer the responsibility of the buyer of the registered vehicle.

Current Law: MVA is authorized to furnish temporary registration plates to any nonwholesale vehicle dealer who applies for at least five plates. A licensed dealer may issue a cardboard temporary registration plate to the buyer of a vehicle once the buyer completes an application for temporary registration. If a buyer applies for annual registration at that time, a dealer is required to immediately send the buyer's completed application and accompanying fees to MVA. If no request is made by the buyer for an annual registration application, then the dealer is required to notify MVA of this fact when it submits the buyer's temporary registration application. When a dealer issues a temporary registration plate, the dealer is required to attach the plate to the rear of the vehicle with the dates of issuance and expiration, and the make and vehicle identification number of the vehicle clearly marked. Unless a 30-day extension is granted, temporary registration remains effective until the first of the following occurs: • receipt of annual registration; • rescission of the contract to purchase the vehicle; or • 60 days from issuance of the temporary registration.

Background: The bill will allow MVA to issue metal plates to dealers who use the electronic system in lieu of cardboard plates for the temporary 60-day registration period. This could improve public safety by allowing MVA and police departments to more easily track the issuance of temporary plates and the identity of their holders. In addition, this could prevent the dissemination of temporary cardboard registration plates for illegal purposes.

State Expenditures: TTF expenditures would increase in fiscal 2009 by \$15,094 due to the upfront costs of contractual services and supplies and the October 1 effective date. However, TTF expenditures would decrease by \$101,873 in fiscal 2010 and would continue to decrease annually thereafter. This estimate is based on the following information and assumptions:

- one-time computer programming charges of about \$90,000 in fiscal 2009 to make temporary registration related software modifications;
- the use of registration stickers to update the registration status of a vehicle from temporary to annual, so as to avoid requiring the production of new metal plates;
- no change in the current electronic system usage rate by dealers of 50%;
- a 50% annual reduction in the number of cardboard temporary registration plates resulting in annual savings of \$142,375 (\$106,781 in fiscal 2009);
- an offsetting increase in annual printing and supply costs of \$42,500 (\$31,875 in fiscal 2009) to produce temporary registration stickers and title papers; and
- a 2% annual increase in operating costs for both newly incurred expenses and offsetting savings beginning in fiscal 2010

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 4, 2008
ncs/ljm

Analysis by: Evan M. Isaacson

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