

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 664 (Senator Colburn)
Judicial Proceedings

Vehicle Laws - Registration Plates Honoring Maryland Lighthouses

This bill directs the Motor Vehicle Administration to develop and make available, in consultation with the Chesapeake Chapter of the United States Lighthouse Society, a registration plate to honor Maryland lighthouses.

Fiscal Summary

State Effect: Transportation Trust Fund revenues could increase by \$90,000 and expenditures could increase by \$132,900 in FY 2009. Potential additional substantial increase in TTF expenditures in FY 2009 only for computer costs. Out-year expenditures reflect elimination of one-time only costs, fewer transactions, and inflation.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
SF Revenue	\$90,000	\$45,000	\$45,000	\$45,000	\$45,000
SF Expenditure	132,900	30,100	29,500	29,700	30,100
Net Effect	(\$42,900)	\$14,900	\$15,500	\$15,300	\$14,900

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The plate may be purchased by the owner, lessee (if the lease is not intended as security), director, officer, employee, or partner of a business entity that owns one of the following classes of vehicles:

- Class A (passenger);
- Class E (truck);
- Class E (farm truck);
- Class G (trailer); or
- Class M (multipurpose).

In addition to the State motor vehicle registration fee, applicants for this plate must pay a one-time fee set by MVA to recover its cost for issuing new plates for the vehicle. None of the revenues from this additional fee may be credited to the Gasoline and Motor Vehicle Revenue Account. MVA is required to adopt regulations to govern the issuance of the new special registration plates.

Current Law: MVA may issue special commemorative original or substitute registration plates for any geographical, historical, natural resource, or environmental commemoration of statewide significance. These plates may be issued for Class A (passenger), Class E (truck), 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 MVA when the new registration plates are issued to the vehicle as well as an additional renewal fee set by MVA each time the plate is renewed.

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. Any surplus money remaining after MVA has recovered the costs of issuing a commemorative plate may not be retained by, or transferred to, any State agency for any purpose.

MVA currently collects additional fees for issuance and renewal of plates that benefit the Chesapeake Bay Trust and the Maryland Agricultural Education Foundation, Inc. The current additional fee for both the Chesapeake Bay Trust plate and the agricultural plate is \$20 for initial issuance and \$10 for renewal. MVA collects additional registration fees only for issuance (not renewal) of special registration plates for recipients of a combat-related armed forces medal.

Thirty percent of registration fee revenues collected by MVA are distributed to local jurisdictions through the GMVRA. However, as noted above, revenues from special commemorative plates are often exempt from this requirement.

Background: According to the Maritime Heritage Program of the U.S. Park Service, there are 20 Maryland lighthouses in its inventory of historic light stations.

State Fiscal Effect: In order to allow MVA to recover the costs associated with this bill in fiscal 2009, it would need to set the initial registration plate fee at \$8.41 or more per plate. For purposes of this estimate, the initial registration plates would be priced at \$9 per plate based on the following assumptions:

- plate design and manufacturing would cost \$39,120;
- the cost of promoting the plate and altering renewal flyers would be \$66,640;
- contractual costs, including a customer agent to conduct customer transactions, would be \$27,139; and
- MVA would issue 10,000 plates in fiscal 2009 and 5,000 plates annually thereafter.

Operating Expenses	\$105,760
Contractual Costs	<u>27,139</u>
Total FY 2009 State Expenditures	\$132,899

A fee of \$9 per plate would generate \$90,000 in fiscal 2009 and allow MVA to recover its costs over a five-year period. However, Legislative Services advises that, at a fee of \$9, the lighthouse plate would be significantly less expensive than other special registration plates offered by MVA, including those benefiting Maryland Agricultural Education and the Chesapeake Bay. Future year expenditures reflect a 2% annual increase in ongoing operating expenses and the elimination of certain start-up costs.

MVA advises that computer reprogramming costs of \$280,000 could be necessary. Legislative Services does not concur with this assessment and advises that this additional cost would require the plate fee to double to \$18 per plate. Legislative Services advises that, if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce the costs associated with this bill and other legislation affecting the MVA system, should reprogramming costs be necessary.

Legislative Services also notes that to implement previous special registration plate bills a program administrator has been requested by MVA and factored into the fiscal estimate. MVA has not requested one to implement this bill's requirement. Legislative Services concurs with this assessment, noting that existing program administrators could implement the development of this special registration plate. However, if necessary, an

additional program administrator may be required in future years at a cost of approximately \$30,000.

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. If this were to occur, MVA would need to set the fee for the special registration plate under this bill higher than \$9 per plate.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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