

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 241 (Delegate Taylor, *et al.*)
Health and Government Operations

State Finance - Purchasing and Use of Motor Vehicles

This bill requires the Secretary of Budget and Management to revise the standards governing the purchase of motor vehicles by the State to include a determination by the Department of Budget and Management (DBM) that a new vehicle is required for the efficiency of a State program. It further establishes that the State may not purchase or use any vehicle if it is more cost effective for State employees to use their own vehicles for the designated purposes. Under these standards, State vehicles that are no longer needed must be sold.

Fiscal Summary

State Effect: Potential reduction in expenditures, all funds, to the extent that employee mileage reimbursement is more economical than the purchase of new State vehicles. That cost-benefit determination varies based on vehicle use patterns among State agencies. Any potential increase in revenues, all funds, from the sale of unnecessary vehicles is largely offset by higher mileage reimbursement payments for State employees who use their own vehicles more frequently.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Department of General Services (DGS) procures vehicles on behalf of most State agencies in accordance with standards developed by DBM. DBM's standards for vehicle purchases must be based, to the extent practicable and feasible, on

the lowest possible life cycle cost for the vehicle. The Maryland Port Administration and University of Maryland University College (for vehicles used in overseas programs) are exempt from those standards. The Maryland Department of Transportation procures its own vehicles.

Regulations developed by DBM must require the effective, efficient, and inexpensive use of all motor vehicles. They must also ensure the compilation and maintenance of accurate and detailed cost accounting for all motor vehicle use. In general, DBM assigns State-owned motor vehicles to State employees who accumulate the greatest number of miles for official use. However, DBM can determine, based on published criteria, that the use of State-owned vehicles is required for the efficient operation of a State program, regardless of the number of miles traveled.

Background: In fiscal 2007, DGS purchased 1,265 new passenger vehicles for State agencies at an average cost of \$16,325. In fiscal 2008, DGS purchased 935 new passenger vehicles at an average cost of \$17,038.

As of January 1, 2009, the employee mileage reimbursement rate set by DBM for all official travel is \$0.55 per mile.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Board of Public Works, Department of Budget and Management, Department of General Services, Maryland Department of Transportation, University System of Maryland, Department of Legislative Services

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mlm/rhh

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