

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1571 (Delegate Malone)
Environmental Matters

Motor Vehicles - Medium Speed Vehicles - Standards and Requirements

This bill incorporates a medium speed vehicle (MSV) within the definition of a vehicle and a motor vehicle, and as such, requires an MSV to be titled, registered, and subject to vehicle emissions inspections, and other existing rules of the road unless otherwise exempted. An MSV is restricted to highways with a maximum posted speed limit of 40 miles per hour or less, and their use may also be prohibited by the State Highway Administration (SHA) or a local government on controlled access highways under their respective jurisdictions.

The bill takes effect June 1, 2009.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF), general fund, and other special fund revenues may increase minimally beginning in FY 2010 due to a slight increase in the collection of vehicle title and registration fees, title lien fees, and excise taxes and any additional violations of the Maryland Vehicle Law. General fund revenues may be offset minimally due to lost sales and use tax revenue associated with newly purchased MSVs. Expenditures are unaffected – assuming the number of MSVs titled and registered is minimal and assuming any necessary computer reprogramming can be handled with existing resources.

Local Effect: Local government revenues may increase minimally to the extent any additional highway user revenues are generated by the bill. Enforcement can be handled with existing resources.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: An MSV is defined as a four-wheeled electric or gasoline powered vehicle that has a maximum speed capability that exceeds 30 miles per hour but is less than 35 miles per hour. An MSV is to be registered as a Class S vehicle and is subject to a \$35 annual registration fee and existing surcharges payable to specified special funds. The application for registration is required to be transmitted to the Motor Vehicle Administration (MVA) electronically, and if purchased from a licensed dealer, the dealer must electronically transmit the application within 30 days of the date of vehicle delivery.

An MSV may cross a highway with a maximum speed limit over 45 miles per hour only at an intersection controlled by a traffic control signal or four-way stop sign. A local government may place additional restrictions on the use of MSVs consistent with the reasonable exercise of its police powers.

An MSV is exempt from the general vehicle equipment requirements and standards. However, MVA and the Department of State Police's Automotive Safety Enforcement Division are required to jointly adopt regulations establishing equipment, performance, and other technical standards consistent with federal law including the standards in 49 C.F.R. 571.500

An MSV is not covered by the Maryland Automobile Insurance Fund.

Current Law: MSVs are not defined or regulated in current law. However, a low speed vehicle (LSV) is defined as a four-wheeled electric vehicle with a maximum speed capability of between 20 and 25 miles per hour. A person may not drive an LSV (1) on a highway where the posted maximum speed limit exceeds 30 miles per hour; (2) on any expressway or other controlled access highway with a sign prohibiting LSVs; (3) on a highway where LSVs are prohibited by county or municipal ordinance; or (4) across a highway where the posted maximum speed exceeds 45 miles per hour, except at an intersection controlled by a traffic control signal or with a stop sign at each approach to the intersection. MVA has adopted by regulation registration requirements and safety standards for LSVs.

Background: MSVs, like LSVs, are sometimes called neighborhood electric vehicles. This group of vehicles is generally regarded as appropriate for communities that accommodate slow speed traffic. In fact, some golf club and retirement communities are designed to encourage their use. For many vehicle models there is no difference between an LSV and an MSV except for the speed restriction for which the vehicle is set.

According to the National Conference of State Legislatures, as of November 2008, only 26 states allow the use of LSVs on roads or authorize local governments to allow their use. Generally LSVs are restricted to roads with maximum speeds of 35 miles per hour or less, a restriction that accords with the American Association of Motor Vehicle Administrators' Model Rule on LSVs released in May 2008. Legislative Services advises that at least three states recognize MSVs.

In 1998, the National Highway Traffic Safety Administration (NHTSA) issued a final rule on safety standards for LSVs. NHTSA noted the growing public interest in using golf carts and other similar vehicles for short shopping trips and other recreational purposes, primarily within retirement or other planned communities. LSVs have gained popularity because they are zero-emission vehicles, relatively quiet, low-cost, and energy efficient. Traditional golf carts usually have a top speed of 15 miles per hour. LSVs have been defined in many states, including Maryland, as achieving a top speed of 25 miles per hour.

In the face of some deaths and serious injuries, NHTSA safety standards now require, among other safety features, headlamps, turn signals, parking brakes, rearview mirrors, windshields, seat belts, and vehicle identification numbers. Unlike LSVs, MSVs are not recognized under federal transportation regulations.

State Fiscal Effect: In fiscal 2007 and 2008, there were only seven violations of the Maryland Vehicle Law related to LSVs, with less than 50 such vehicles registered in Maryland to date. Legislative Services advises that, because MSVs are not currently defined, the number of MSVs in the State cannot be determined. However, because MSVs are similar to LSVs, and because some MSVs are in fact LSVs only with less stringent speed restrictions, there are likely a similar number of MSVs in the State as LSVs.

Accordingly, general fund, TTF, and other special fund revenues are anticipated to be negligible in fiscal 2010. However, to the extent that the market for MSVs grows substantially as a result of the bill or external factors affecting demand, revenues may increase, potentially significantly, in future years or decades. Consequently, TTF expenditures may also increase significantly in future years for additional personnel, equipment, and contractual costs to handle a significant number of transactions at MVA.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): National Conference of State Legislatures, National Highway Traffic Safety Administration, Maryland Insurance Administration, Judiciary (Administrative Office of the Courts), Maryland Department of Transportation, Department of Legislative Services

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