

Department of Legislative Services
 Maryland General Assembly
 2010 Session

FISCAL AND POLICY NOTE

House Bill 1147 (Delegate Walker, *et al.*)
 Environmental Matters

Vehicle Laws - Renewal of Registration - Unemployed Individuals

This bill exempts a person who is eligible for unemployment insurance benefits from paying the vehicle registration renewal fee.

The bill terminates September 30, 2013.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) and other special fund revenues may decrease by \$4.9 million in FY 2011, which accounts for the bill's effective date, under the assumptions discussed below. Revenues decline through the first quarter of FY 2014 when the bill terminates. TTF expenditures may increase minimally from payments made by the Motor Vehicle Administration (MVA) to the Department of Labor, Licensing, and Regulation (DLLR) for access to unemployment insurance information; DLLR special fund revenues increase correspondingly.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
SF Revenue	(\$4,878,900)	(\$6,071,500)	(\$4,857,200)	(\$1,040,800)	\$0
SF Expenditure	-	-	-	-	\$0
Net Effect	(\$4,878,900)	(\$6,071,500)	(\$4,857,200)	(\$1,040,800)	\$0

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

Local Effect: Local government revenues decline by about \$1.2 million statewide in FY 2011 due to a decline in Gasoline Motor Vehicle Revenue Account revenue distributed to local governments as highway user revenues.

Small Business Effect: None.

Analysis

Current Law: Vehicle registrations are renewed biennially. Registration fees vary based on vehicle class and size, but the registration fee is \$128 for passenger cars up to 3,700 pounds, and \$180 for passenger cars over 3,700 pounds. There are a number of exemptions from payment of registration fees, including for vehicles owned by political jurisdictions, specified first responders, certain veterans and veterans' organizations, and school vehicles used by religious organizations. The biennial registration fee includes a \$27 surcharge, with \$5 distributed to the Maryland Trauma Physician Services Fund and \$22 distributed to the Maryland Emergency Medical System Operations Fund (MEMSOF).

In order to be eligible for unemployment benefits an individual must be able to work, available for work, and actively seeking work for each week in which a benefit is sought. Individuals may receive a regular unemployment insurance benefit for a maximum of 26 weeks. Two federal programs provide additional unemployment insurance benefits to unemployed workers who have exhausted regular benefits.

State and Local Revenues: Special fund revenues decrease by \$4.9 million in fiscal 2011, which accounts for the bill's effective date. **Exhibit 1** shows the projected revenue loss for TTF, MEMSOF, the Maryland Trauma Physician Services Fund, and for local governments statewide due to a decline in revenues for future vehicle registrations.

Exhibit 1 Foregone Revenues under the Bill

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Trauma Physician Services	\$173,011	\$215,303	\$172,243	\$36,909
MEMSOF	761,250	947,334	757,867	162,400
TTF Total	3,944,661	4,908,911	3,927,129	841,528
<i>Retained by State</i>	<i>2,761,263</i>	<i>3,509,872</i>	<i>2,807,897</i>	<i>601,692</i>
<i>Distributed to Locals</i>	<i>1,183,398</i>	<i>1,399,040</i>	<i>1,119,232</i>	<i>239,835</i>
Total Revenues	\$4,878,923	\$6,071,548	\$4,857,239	\$841,528

Note: Numbers may not sum to total due to rounding.
Source: Department of Legislative Services

This estimate is based on the following information and assumptions:

- according to DLLR statistics, there were about 399,000 new State unemployment insurance claims in 2009;
- the number of residents receiving unemployment benefits in future years decreases by a rate proportionate to the decrease in the forecasted unemployment rate;
- Legislative Services assumes an equal number of registered vehicles are owned by residents receiving unemployment insurance benefits;
- the average duration of benefits under a State unemployment insurance claim is about 17 weeks;
- vehicles are registered biennially, and thus, there is a probability of about 16% that a resident receiving unemployment benefits will be due for a registration renewal during the period of unemployment;
- 75% of vehicles are subject to a registration renewal fee of \$128 as a vehicle under 3,701 pounds, 25% of vehicles are subject to a fee of \$180, and all vehicles are subject to the annual surcharge, which is included in these registration fee amounts; and
- of the TTF registration revenues collected, 70% is retained at the State level and 30% is distributed to local governments as highway user revenues in fiscal 2011, but in subsequent years the distribution changes so that 71.5% is retained at the State level and 28.5% is distributed to local governments.

Additional Comments: Legislative Services advises that this estimate does not account for those receiving federal unemployment benefits. The bill does not define “unemployment insurance benefits.” Further, it is not clear whether the authorization for additional federal unemployment insurance assistance will be extended, and if so, for how many years. Finally, if extended, it is also unclear for how many additional weeks one will be eligible for the additional benefits.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2010
ncs/ljm

Analysis by: Evan M. Isaacson

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