

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 155 (Delegate Eckardt, *et al.*)
Environmental Matters

Vehicle Laws - Specially Constructed Vehicles - Titling and Registration

This bill creates a new “specially constructed” class of motor vehicles (Class O); alters the definition of “specially constructed vehicle”; and establishes separate requirements for equipment, inspections, and registration of these vehicles.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) and other special fund revenues decrease as a result of the bill’s exemption of specially constructed vehicles from the Vehicle Emissions Inspection Program (VEIP) and due to the newly established registration fee for specially constructed vehicles, which is lower than the currently applicable fee. TTF expenditures may increase minimally to the extent that the bill cannot be implemented by the Motor Vehicle Administration (MVA) with existing budgeted resources.

Local Effect: Local highway user revenues may decrease minimally due to a reduction in the vehicle registration fees established by the bill.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill repeals the existing definition for a specially constructed vehicle and establishes a new definition as a motor vehicle that was constructed from any combination of new or used parts, was not originally constructed by a generally recognized vehicle manufacturer, and has not been materially altered from its original construction. In addition, the new definition states that a specially constructed vehicle is

subject to specific registration requirements for “Class O” vehicles, which are established by the bill.

The registration requirements include the payment of an annual registration fee of \$25, and the submission of an application, along with a certification that the vehicle will be maintained for use in exhibitions, club activities, parades, tours, occasional transportation, and similar uses, but will not be used for general daily transportation or primary transport on highways.

MVA is required to issue a special registration plate for each specially constructed vehicle of a size and design that it establishes by regulation.

The bill exempts specially constructed vehicles from generally applicable motor vehicle equipment standards, used vehicle inspection requirements, and VEIP.

Current Law: A “specially constructed vehicle” is any vehicle that:

- is required to be registered under the Maryland Vehicle Law;
- was not originally constructed under a distinctive name, make, model, or type by a generally recognized manufacturer of vehicles; and
- has not been materially altered from its original construction.

An application for a certificate of title for a specially constructed vehicle that is registered in another state or country is subject to certain additional requirements generally relating to proof of ownership.

Background: Specially constructed vehicles include vehicles commonly referred to as customs, replicas, modified antiques, and kit cars, among other vehicles. According to the Specialty Equipment Market Association, 21 states have enacted versions of a model bill for titling and registering specially constructed vehicles.

State Revenues: 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. 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.

The bill establishes an annual fee of \$25, which is significantly lower than the current vehicle registration fee and not subject to these surcharges. MVA advises that it is unable to determine how many specially constructed vehicles there are in Maryland at this time.

However, based on registration data for other vehicle classes, MVA estimates that roughly 250 new specially constructed vehicles may be titled each year. *For illustrative purposes only*, registration fee revenues for TTF and the other special funds may decrease by about \$221,000 in fiscal 2012, and by more than \$310,000 annually thereafter; this is based on the MVA estimate of the number of newly titled specially constructed vehicles, as well as the following data and assumptions:

- in the absence of MVA data, it is assumed that there are 5,000 specially constructed vehicles currently in Maryland;
- half of specially constructed vehicles currently pay the \$128 biennial registration fee, and half pay \$180; and
- the VEIP fee remains \$14 per biennial inspection.

State Expenditures: This analysis assumes that any redesign of registration plates by MVA for specially constructed vehicles is minor and can be handled with existing budgeted resources. However, TTF expenditures may increase to the extent that a more significant redesign is necessary, or if the additional computer programming changes and other operational burdens incurred by MVA to administer the bill cannot be handled with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment, Department of State Police, Maryland Department of Transportation, Specialty Equipment Market Association, Department of Legislative Services

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