

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 697

(Delegate Mitchell, *et al.*)

Environmental Matters

Motor Vehicle Registration - Special Black and White License Plate

This bill authorizes the Motor Vehicle Administration (MVA) to issue a special “black and white registration plate” of the design used on standard registration plates prior to the issuance of the current standard plate commemorating the War of 1812. MVA may issue a black and white plate for a Class A (passenger) vehicle, Class D (motorcycle) vehicle, or Class E (truck) vehicle with a rated capacity of one ton or less. A person issued a black and white plate must pay, in addition to the annual registration fee, a fee for issuance of the plate that is to be set by MVA at a level not greater than necessary to recover the cost of implementing the bill.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures may increase by about \$104,100 in FY 2012, which reflects the October 1, 2011 effective date, for MVA to hire one additional customer agent, procure and produce the special registration plates, and for postage and supply costs, as discussed below. TTF revenues may increase by about \$189,400 in FY 2012 due to the collection of the additional fee required by the bill to be set by MVA at the level necessary to recover costs of implementing the bill, as well as for substitute registration plate fees for those individuals that choose to obtain one of the new special registration plates prior to the expiration of their current biennial registration period. Future years reflect annualization and inflation.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
SF Revenue	\$189,400	\$158,100	\$134,700	\$136,000	\$137,400
SF Expenditure	\$104,100	\$125,300	\$123,400	\$126,700	\$130,200
Net Effect	\$85,300	\$32,800	\$11,300	\$9,300	\$7,100

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: In response to the upcoming 200th anniversary of the War of 1812 and the important role of Fort McHenry in the Battle of Baltimore, MVA designed a new standard issue plate that features the Star-Spangled Banner flying over Fort McHenry as bombs burst in the air and “War of 1812” displayed below the State’s name. Issuance of the plate began on June 14, 2010, and will continue through June 2015. The plate is standard for all passenger, trucks, and multipurpose vehicles, and as such, does not carry an additional cost.

State Fiscal Effect: TTF expenditures may increase by \$104,110 in fiscal 2012 for MVA to hire one additional customer agent, procure and produce the special registration plates, and for postage and supply costs. The estimate includes a salary, fringe benefits, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- MVA assumes 12,000 owners of vehicles that are newly registered will choose to obtain the special registration plate on an annual basis;
- MVA assumes that 4,000 owners of vehicles that are already registered will choose to obtain the special registration plate before the end of their biennial registration period, with 3,200 in fiscal 2012 and 800 in fiscal 2013;
- Legislative Services assumes an increase in demand for special registration plates of 1% in the out-years; and
- MVA advises that, based on the additional number of transactions occurring under the bill, it will need to hire one customer agent;

	<u>FY 2012</u>	<u>FY 2013</u>
Position	1	
Salary and Fringe Benefits	\$31,220	\$42,648
Operating Expenses	158	212
Registration Plate Costs	<u>72,732</u>	<u>82,430</u>
Total State Expenditures	\$104,110	\$125,290

Future year expenditures reflect a full salary with 4.4% annual increases and 3% employee turnover as well as 1% annual increases in ongoing operating expenses, except for plate-related costs that are assumed to remain constant.

TTF revenues may increase by about \$189,400 in fiscal 2012 due to the collection of the additional fee required by the bill to be set by MVA at the level necessary to recover costs of implementing the bill. The bill specifies that the new fee is to be set at a level necessary to enable MVA to recover the costs of implementing the bill. However, additional fees will be collected as the result of the issuance of substitute registration plate fees for those individuals that choose to obtain one of the new special registration plates prior to the expiration of their current biennial registration period. Thus, revenues are likely to exceed expenditures by a greater amount in fiscal 2012 and 2013, which reflects the end of the current biennial registration period for all drivers.

This estimate assumes that the standard issue registration plate does not revert to the black and white design used on standard registration plates prior to the issuance of the War of 1812 plate in June 2010 before fiscal 2017. However, as noted, the War of 1812 plate will cease issuance in June 2015. Thus, if MVA begins issuing the prior standard of black and white registration plates beginning July 2015, then any revenue associated with issuance of the special plate under this bill will not be generated in fiscal 2016, and the additional customer agent will be diverted to other tasks, or its position will be vacated.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 28, 2011
ncs/ljm

Analysis by: Evan M. Isaacson

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