

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 550

(Delegate Reznik, *et al.*)

Environmental Matters

Vehicle Laws - Historic Motor Vehicles

This bill alters the definition of an “historic motor vehicle” by specifying the classes of vehicle that may be eligible for the designation and by increasing the minimum age requirement for a vehicle from 20 years to 25 years. The bill prohibits an historic motor vehicle from being used for general daily transportation or primarily for the transportation of passengers or property on highways. Finally, the bill removes from the certification statement on the historic vehicle application the stipulation that the vehicle may be used for “occasional transportation,” and adds that the vehicle “is insured by a historic vehicle, show vehicle, or antique vehicle insurance policy.”

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) and special fund revenues increase, likely by greater than \$1 million annually, beginning in FY 2013 as vehicle owners excluded from registering their vehicles as historic pay higher registration fees and surcharges for their vehicles. The bill can be implemented by the Motor Vehicle Administration (MVA) with existing resources.

Local Effect: Local revenues increase for jurisdictions statewide due to the increase in Gasoline and Motor Vehicle Revenue Account revenues distributed as highway user revenues.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill specifies that only a Class A (passenger), Class D (motorcycle), Class E (truck) of up to 10,000 pounds gross vehicle weight, or Class M (multipurpose) vehicle, excluding a motor home, may qualify for designation as an historic vehicle.

Current Law: An historic motor vehicle is currently defined as a motor vehicle, including a passenger vehicle, motorcycle, or truck, that is at least 20 years old, has not been substantially altered from the manufacturer's original design, and meets criteria contained in MVA regulations.

The owner of an historic motor vehicle must certify that the vehicle will be maintained for use in exhibitions, club activities, parades, tours, *occasional transportation*, and similar uses, and not for general daily transportation or primarily for the transportation of passengers or property on highways. Despite the certification as to how the historic vehicle will be used, statute does not specifically prohibit historic vehicles from being used in other manners. However, MVA is authorized by regulation to suspend the registration of an historic vehicle for use that is inconsistent with the registration requirements.

Historic vehicles are exempt from the requirement to contain certain equipment unless the presence of the equipment was specifically required by a statute of this State as a condition of sale when the vehicle was manufactured. Historic vehicles are also exempt from any periodic vehicle inspections required by statute, including inspection of emission controls. Historic vehicles registered in Maryland, or in another state when used in Maryland, may display vintage registration plates as an indication of the historic or antique nature of the vehicle.

An historic vehicle is generally subject to a \$25.50 annual registration fee, paid biennially, except that a motor vehicle manufactured at least 60 years prior to the current model year is only subject to a one-time registration fee of \$50.00.

State Revenues: The Department of Legislative Services (DLS) advises that a reliable fiscal estimate cannot be made at this time due to limited data and numerous uncertainties. However, TTF and other special fund revenues may increase significantly as many drivers that are excluded from registering their vehicle as historic will instead pay generally higher fees to register their vehicle under a different classification. *For illustrative purposes only*, TTF revenues may increase by about \$2.3 million in fiscal 2013, which accounts for the bill's October 1, 2012 effective date, and by about \$3.1 million on an annual basis, under the following information and assumptions:

- in fiscal 2013, vehicles of model years 1989 through 1993 will no longer be able to register as historic;
- according to MVA data, about 40,900 historic vehicles are currently registered with model years between 1989 and 1992;
- DLS estimates that, based on an extrapolation of this existing data, about another 12,600 vehicles of model year 1993 would otherwise be registered as historic in fiscal 2013;

- DLS assumes that 10% of the approximately 65,700 vehicles older than model year 1989 that would register in fiscal 2013 are not eligible to register their vehicle as historic due to the bill's restrictions as to the class of vehicle;
- DLS assumes that 75% of vehicles that are registered as historic are done so in the first year of eligibility (75% of model year 1993 vehicles would register in 2013 under current law);
- DLS assumes that, of the vehicles that are no longer able to be registered as historic, 60% instead pay a \$128 registration fee and 20% pay a \$180 registration fee for passenger vehicles (includes \$13.50 in registration surcharges), 10% pay a different fee, which is assumed to be an average of \$300 per vehicle, which reflects an estimated average of registration fees for other vehicle classes, and 10% of vehicles are not registered or used.

A portion of this estimated increase in revenues reflects distributions to several special funds from the additional registration surcharges, as well as to local governments statewide as highway user revenues. Future years may reflect similar revenue increases, though it is unclear whether the number of historic vehicles registered in Maryland is increasing or declining and how the bill's prohibition on the use of historic vehicles for occasional transport might impact the number of future historic vehicle registrations. Overall, DLS advises that, while the bill likely results in a significant increase in registration fees and surcharges, the actual increase is highly uncertain and may differ significantly from the estimate described above.

Additional Information

Prior Introductions: None.

Cross File: SB 846 (Senator King, *et al.*) - Judicial Proceedings.

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

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