

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE

House Bill 541 (Delegate Smigiel, *et al.*)
 Environmental Matters

Vehicle Laws - Special Registration Plate - United States Armed Forces

This bill requires the Motor Vehicle Administration (MVA) to develop a specially designed registration plate honoring the armed forces of the United States to be available for a qualifying vehicle owner. The bill specifies required design elements of the registration plate as well as the classes of vehicle that may display the plate. The bill also establishes a one-time fee to be set to recover the costs of issuing the plate, as well as a \$20 initial and renewal registration fee for distribution to the Maryland Chapter of the Disabled American Veterans (DAV). No portion of the fees collected may be distributed to the Gasoline and Motor Vehicle Revenue Account (GMVRA).

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by about \$102,200 in FY 2013, which reflects the October 1, 2012 effective date, for MVA to hire one additional customer agent, procure and produce the special registration plates, for contractual reprogramming costs, and for postage and supply costs, under the assumptions discussed below. Likewise, TTF revenues increase by about \$145,000 in FY 2013 due to the collection of the one-time 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 2013	FY 2014	FY 2015	FY 2016	FY 2017
SF Revenue	\$145,000	\$60,000	\$60,000	\$60,000	\$60,000
SF Expenditure	\$102,200	\$59,500	\$62,900	\$65,500	\$68,200
Net Effect	\$42,800	\$500	(\$2,900)	(\$5,500)	(\$8,200)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: To be eligible to receive a specially designed registration plate, the vehicle for which the plate is to be affixed must be a Class A (passenger), Class D (motorcycle), Class E (truck), Class G (trailer), or Class M (multipurpose) vehicle. The registration plate must be designed to include a graphic design of a bald eagle and the words “Support Maryland Veterans.”

The bill also clarifies that the owners of vehicles that are exempt from paying vehicle registration fees are exempt from the registration fees established by the bill.

Current Law/Background: The contribution of the armed forces is recognized through several provisions within the Maryland Vehicle Law. Specifically, Maryland has exemptions from registration fees for veterans with certain disabilities and vehicles owned by national veterans’ organizations as well as special registration plates for honorably discharged veterans; recipients of individually earned, combat-related, armed forces medals; and recipients of a U.S. Department of Defense Gold Star indicating status as a surviving spouse, parent, or next of kin of a member of the armed forces who lost his/her life in combat.

DAV is a nonprofit 501(c)(4) charity dedicated to building better lives for America’s disabled veterans and their families. The charity was founded in 1920 by disabled veterans returning from World War I to represent their unique interests. In 1932, DAV was congressionally chartered as the official voice of the nation’s wartime disabled veterans. Today, DAV has more than 1.2 million members, with 12,726 life members of the Maryland Chapter, otherwise known as the Maryland Department.

State Fiscal Effect: TTF expenditures increase by \$102,177 in fiscal 2013 for MVA to hire one permanent customer agent, to procure and produce the special registration plates, to contract with a vendor for necessary external programming costs, and for postage and supply costs. The estimate includes a salary, fringe benefits, and ongoing operating expenses and accounts for the bill’s October 1, 2012 effective date. This estimate assumes that 1,000 owners of vehicles that are newly registered will choose to obtain the special registration plate on an annual basis (with 750 doing so in fiscal 2013) and that 1,250 owners of vehicles that are already registered will choose to obtain the special registration plate in fiscal 2013 before the end of their biennial registration period.

The estimate is based on current MVA staffing models regarding the number of additional customer service agents required per additional 1,000 transactions.

	<u>FY 2013</u>	<u>FY 2014</u>
Position	1	
Salary and Fringe Benefits	\$36,631	\$49,684
Start-up and Operating Costs	51,546	2,836
Registration Plate Costs	<u>14,000</u>	<u>7,000</u>
Total State Expenditures	\$102,177	\$59,520

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

TTF revenues increase by about \$145,000 in fiscal 2013 primarily due to the collection of the additional one-time fee required by the bill, which would be set at \$60 for each new plate issuance. This cost-recovery fee is based on the five-year total of estimated expenditures and the assumed demand for plates. This also reflects the collection of a \$20 substitute registration plate fee paid by those individuals that choose to obtain one of the new special registration plates prior to the expiration of their current biennial registration period. Legislative Services advises that, to the extent that the demand for these plates is significantly greater than under the assumption made by MVA, the fee could be reduced; conversely, to the extent that the demand for these plates is lower than assumed, MVA may need to raise the cost-recovery fee.

Additional Comments: Under the assumptions discussed above, the \$20 initial and renewal fee required by the bill for disbursement to DAV would result in \$240,000 over the five-year period for that nonprofit charity organization.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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