

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE

House Bill 1045 (Delegates Mizeur and Bobo)
 Environmental Matters

The Maryland Native Plants and Wildflower Preservation Act

This bill requires the Motor Vehicle Administration (MVA) to issue a special registration plate to commemorate native plants and wildflowers. The bill requires surplus fees to be disbursed to the Chesapeake Bay Trust to fund the Chesapeake Conservation Corps' conservation efforts to preserve and protect the State's native plants and wildflowers. The bill expands the types of projects and activities to be emphasized by the Chesapeake Conservation Corps to include native plants and wildflowers, and it specifies that native plant and wildflower projects may include working with corps program volunteers on projects to preserve, protect, and conserve native plants and wildflowers.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by about \$105,800 in FY 2013, which reflects the October 1, 2012 effective date, for MVA to hire one additional customer agent, to 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 required cost-recovery fee, 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	\$105,800	\$59,500	\$62,900	\$65,500	\$68,200
Net Effect	\$39,200	\$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: The bill increases the number of different commemorative plate types that may be issued by MVA at one time from one plate (currently the Chesapeake Bay Commemorative Plate) to two plate types, and it applies to the native plants and wildflowers commemorative registration plate the same provisions applicable to the Chesapeake Bay commemorative plate, including the fees that must be charged.

Current Law: MVA is authorized to issue a number of special registration plates, but only one plate for the commemoration of a geographical, historical, natural resource, or environmental theme of statewide significance. Currently, MVA issues a plate for commemoration of the Chesapeake Bay. The authorization for the Chesapeake Bay commemorative plate terminates on June 30, 2013.

MVA must set an initial registration fee at a level that will enable it to recover its costs and may also set the fee so as to produce a surplus to be disbursed only to a nonprofit organization that is closely related to the theme that the plate commemorates. Likewise, any additional renewal fees set by MVA must also be disbursed only to the designated nonprofit organization. Currently, the designated beneficiary of such surplus funds is the Chesapeake Bay Trust.

The Chesapeake Bay commemorative plate may be issued for a passenger (Class A) vehicle, truck (Class E) with a rated capacity of one ton or less, trailer (Class G) vehicle, or multipurpose (Class M) vehicle. Each plate is valid for two years.

The Chesapeake Conservation Corps Program was established by Chapters 275 and 276 of 2010 within the Chesapeake Bay Trust to, among other purposes, provide young adults with meaningful service opportunities and promote, preserve, protect, and conserve the environment. The corps program's projects and activities must meet an identifiable public need, with emphasis on projects that result in long-term preservation, protection, and conservation of the environment, in areas including environmental restoration, agricultural and forestry, infrastructure, and educational improvements.

In consultation with the Corps Board, the trust must provide grants to specified qualified organizations for the creation or expansion of full- and part-time Chesapeake Conservation Corps Programs that involve citizens of all ages throughout the State. Such programs must engage and develop volunteers and stipend volunteers in environmental and energy projects. Grant agreements must specify the allowed use of funds, take into account the need for efficient multiyear funding and administration of funds, and include provisions for verification that corps programs and projects are being implemented as planned.

Chapters 275 and 276 established several funding sources for the Chesapeake Conservation Corps Program, including a requirement that, for fiscal 2011 through 2015, \$250,000 annually from the Environmental Trust Fund within the Department of Natural Resources (DNR) be provided to the Chesapeake Bay Trust for specified projects.

Background: The goal of the Chesapeake Bay Trust is to increase stewardship through grant programs, special initiatives, and partnerships that support environmental education, demonstration-based restoration, and community engagement activities. The trust receives approximately \$4 million in contributions annually and reinvests those funds through a variety of grant programs in community-led projects. The trust has received over 10,000 grant requests and has awarded over \$40 million to support environmental education and habitat restoration projects that have measurable impacts on the environment.

DNR advises that it is charged with establishing a list of threatened and endangered plants and programs for their conservation. Listing of threatened and endangered plants requires extensive research and study, which is funded by donations made through the income-tax filing process to the Chesapeake Bay and Endangered Species Fund. Donations to this fund are split evenly between the Chesapeake Bay Trust and DNR. In fiscal 2011, DNR received \$517,584 from this fund. Annually, about \$200,000 is dedicated specifically for the protection of native threatened and endangered plant species.

State Fiscal Effect: TTF expenditures increase by \$105,817 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	55,186	2,836
Registration Plate Costs	<u>14,000</u>	<u>7,000</u>
Total State Expenditures	\$105,817	\$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.

This estimate does not include the collection of an additional surplus fee at the initial issuance of a native plants and wildflowers commemorate plate, or a renewal fee, which MVA advises will both be set at \$10 to be consistent with the fees charged for the current Chesapeake Bay plate. Thus, the overall fee for the initial issuance of a native plants and wildflowers plate is \$70, while the renewal fee is \$10.

Additional Comments: Under the assumptions discussed above, the \$10 initial surplus and \$10 renewal fee would result in the disbursement of \$100,000 over the five-year period for the Chesapeake Bay Trust to fund the Chesapeake Conservation Corps' conservation efforts to preserve and protect the State's native plants and wildflowers.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources, Maryland Department of Transportation, Chesapeake Bay Trust, Department of Legislative Services

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