

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE

House Bill 847 (Delegate McComas, *et al.*)
 Environmental Matters

Vehicle Laws - Special Registration Plates - "In God We Trust"

This bill requires the Motor Vehicle Administration (MVA) to provide a specially designed registration plate with the phrase "In God We Trust" to a qualifying vehicle owner. The bill establishes a fee to be paid each time new registration plates are issued for a vehicle.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by about \$105,800 in FY 2013, which reflects the bill's 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. TTF revenues increase by about \$145,000 in FY 2013 assuming MVA establishes a fee of \$60 per plate to cover the costs of plate issuance, 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: To be eligible to receive a specially designed registration plate under the bill, the vehicle for which the plate is to be affixed must be a Class A (passenger), Class B (for hire), Class E (truck) with a rated capacity of up to one ton or a farm truck, Class G (trailer) vehicle, or Class M (multipurpose) vehicle.

The bill prohibits the distribution of fee revenue collected under the bill to the Gasoline and Motor Vehicle Revenue Account. The owner of any vehicle currently exempt from the payment of registration fees is also exempt from payment of the new fee to be established by MVA.

MVA must adopt regulations to govern the issuance of the specially designed registration plates under the bill.

Current Law/ Background: MVA issues numerous special registration plates to honor or commemorate various organizations or themes, including “background” plates (the Chesapeake Bay and Maryland Agriculture plates) and many military and organizational plates that contain unique phrases and symbols. At least 13 states currently provide standard or special registration plates with the phrase “In God We Trust.”

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 plate issuance fee required by the bill. MVA advises that it would set the fee to cover the anticipated cost of providing the plate. Thus, based on the five-year total of estimated expenditures and the assumed demand for plates, the fee could be set at \$60 for each new plate issuance, which would cover the cost of plate issuance in conjunction with 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 opt to raise the fee to fully recover the costs of plate issuance, though this is not required by the bill.

Additional Comments: The Public Service Commission advises that the incorporation of a special design on the registration plate of a for-hire (Class B) vehicle may prevent a commission inspector from properly identifying a vehicle as a commercial vehicle subject to its jurisdiction.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 9, 2012
ncs/ljm

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