

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 977

(Delegate McDermott)

Environmental Matters

Judicial Proceedings

Motor Vehicle Registration - Special Vintage Reproduction Registration Plate

This bill requires the Motor Vehicle Administration (MVA) to provide, for a period of one year, a specially designed vintage reproduction registration plate to a qualifying vehicle owner. To be eligible to receive a vintage reproduction registration plate, the vehicle for which the plate is to be affixed must be a Class A (passenger), Class E (small truck), Class L (historic), Class M (multipurpose), or Class N (street rod) vehicle. The vintage reproduction plate must be designed to resemble the 1910 Maryland registration plate, which has black lettering on a yellow background. The bill requires MVA to set initial registration and renewal fees for recovery of the costs of issuing the plate and for distribution to the Gasoline and Motor Vehicle Revenue Account (GMVRA).

The bill takes effect January 1, 2014.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase for MVA to develop and issue the new registration plate in FY 2014 and 2015, which assumes that the vintage registration plates are issued throughout 2014. TTF and GMVRA revenues increase by a greater amount from the collection of the newly authorized fees and from an increase in the collection of registration plate replacement fees.

Local Effect: Negligible increase in local highway user revenues distributed from GMVRA in FY 2014 and 2015, assuming the vintage registration plates are issued throughout 2014.

Small Business Effect: Minimal.

Analysis

Current Law: A vintage registration plate is a Maryland plate that was issued at least 25 years prior to January 1 of the current year. The vintage plates must have been issued in the same year as the model year of the motor vehicle on which the plates are displayed, and the plates are valid for only as long as the title remains with the person who submitted the application for the plates.

Generally, an historic (Class L) vehicle may display, along with the current (normal) registration plates, two vintage registration plates in a location on the vehicle other than where current registration plates are required to be placed. MVA may also authorize the display of vintage plates in lieu of current plates for historic or Class N (street rod) vehicles if vintage registration plates were issued in the same year as the model year of the motor vehicle and the owner files an application with a one-time registration fee of \$25.50. If MVA authorizes the display of vintage plates in lieu of current plates, the vintage plates must be displayed in the location where current registration plates are generally required, and the current plates must be kept in the vehicle at all times.

Background: A number of states authorize vintage “year of manufacture” registration plates to be displayed on antique, historic, or other special vehicles. Such plates are popular among owners and collectors of both antique vehicles and antique registration plates.

In 1910, Maryland became one of the first states to issue vehicle registration plates. Original 1910 Maryland registration plates are now very rare and coveted by antique registration plate collectors, which have valued such plates at several thousand dollars when in good condition.

In celebration of the one-hundredth anniversary of the first license plate issued in the State of Delaware, a special edition centennial plate was made available by the Delaware Department of Transportation between October 1, 2008, and December 31, 2009. About 8,000 centennial plates were issued. In 2011, Delaware also began issuing reproductions of vintage registration plates to vehicle owners. The Division of Motor Vehicles partnered with a company to produce stainless steel and porcelain reproductions of vintage Delaware registration plates, which may be purchased for an additional fee of \$100. The vintage reproduction plates include plates with five-digit registration plate numbers. Low-number registration plates are highly sought after, may be sold for large amounts of money at auction, and have been reserved by several states for certain persons or for auctions.

State Fiscal Effect: The bill requires that the fee for the new registration plates be set to recover the costs associated with the plate's issuance and also to support GMVRA. The Department of Legislative Services (DLS) advises that a reliable fiscal estimate cannot be made due to significant uncertainty regarding the demand for such registration plates. However, *for illustrative purposes only*, TTF expenditures may increase by about \$128,500 in fiscal 2014 and 2015, under the following assumptions and information:

- MVA projects that 10,000 individuals may purchase the new registration plates;
- MVA projects that 5,000 individuals purchase vintage plates before the expiration of their current registration, and DLS estimates that 75% of these individuals purchase the plates in fiscal 2014 and 25% purchase plates in fiscal 2015;
- MVA estimates that each pair of plates cost about \$7 to produce and about \$2.28 to ship to the vehicle owner;
- MVA estimates plate design and development costs of about \$10,000 in fiscal 2014 and has received an estimate for outside computer reprogramming costs of \$27,127, which will be incurred in fiscal 2014; and
- the vintage plates are issued throughout 2014, with renewals every two years thereafter.

This estimate does not include any expenses for internal computer reprogramming costs, which is assumed to be handled by MVA with existing resources. In addition, the estimate assumes that the demand for the new plates do not generate enough additional transactions to warrant hiring customer service personnel for MVA branches.

In order to recover these costs over a five-year period, the new fee for the issuance and renewal of a vintage plate would need to be set at a minimum of \$5 (rounded to the nearest dollar). However, the bill specifies that a portion of the fee must also be distributed to GMVRA. MVA advises that it would charge an additional \$15 for the portion of the fee that supports GMVRA in order to maintain the overall fee at the same rate as other specialty plates. Thus, an overall fee of \$20 could be charged for the vintage registration plates.

Assuming a fee of \$20, TTF revenues increase by \$191,000 in fiscal 2014 and by \$94,600 in fiscal 2015, which includes a portion of the funds disbursed in GMVRA and then distributed to TTF, as well as an additional \$100,000 due to the collection of \$20 registration plate replacement fees for individuals who choose to purchase the new registration plate before their current registration period expires. Thus, under the information and assumptions discussed above, TTF revenues exceed expenditures by a combined total of about \$238,350 between fiscal 2014 and 2018 as shown in **Exhibit 1**.

Exhibit 1
Illustrative Vintage Registration Plate Program Revenues and Expenditures
Fiscal 2014-2015

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Cost Recovery Fee	\$31,250	\$18,750	\$31,250	\$18,750	\$31,250
Tag Replacement Fee	75,000	25,000	–	–	–
GMVRA ¹	84,750	50,850	–	–	–
Total Revenue	191,000	94,600	31,250	18,750	31,250
Expenditures	95,127	33,375	–	–	–
Net Fiscal Effect	\$95,873	\$61,225	\$31,250	\$18,750	\$31,250

¹GMVRA revenues reflect only the amount distributed to TTF and exclude local highway user revenues.

Source: Department of Legislative Services, Maryland Department of Transportation

Additional Information

Prior Introductions: A similar bill, SB 1 of 2012, received an unfavorable report from the Senate Judicial Proceedings Committee. Its cross file, HB 1425, received an unfavorable report from the House Environmental Matters Committee.

Cross File: SB 39 (Senator Colburn) - Judicial Proceedings.

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

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