

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE

House Bill 77 (Delegate McMillan)
 Environmental Matters

Vehicle Laws - Single Registration Plate - Class L (Historic) Vehicles and Class N (Street Rod) Vehicles

This bill requires the Motor Vehicle Administration (MVA) to issue a single registration plate to Class L (historic) and Class N (street rod) vehicles.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures may decrease by about \$23,900 in FY 2015, which reflects the bill’s effective date, and by more than \$32,200 beginning in FY 2016 due to reduced production costs associated with scaling down to a single-registration plate requirement for Class L and N vehicles; this does not account for the minimal additional savings associated with lower plate postage costs. General fund revenues decrease minimally beginning in FY 2015 due to the elimination of penalties collected for driving with one registration plate, as discussed below. Nonbudgeted revenues decrease, likely minimally, for the Maryland Transportation Authority (MDTA) from an increase in unpaid tolls at facilities using electronic tolling.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
GF Revenue	(-)	(-)	(-)	(-)	(-)
NonBud Rev.	(-)	(-)	(-)	(-)	(-)
SF Expenditure	(\$23,900)	(\$32,200)	(\$32,500)	(\$32,800)	(\$33,100)
Net Effect	-	-	-	-	-

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: All vehicles are required to display two registration plates, unless they are in one of three vehicle classes. Class D (motorcycle), Class F (tractor), and Class G (trailer) vehicles are exempt from the two-registration plate requirement. In addition, MVA must issue only one plate for vehicles with temporary registration. Class F vehicles are required to display the registration plate on the front of the vehicle, while all other vehicles issued a single plate must affix the plate to the rear. Historic and antique vehicles must display current registration plates in the places provided on the vehicle.

An owner of a motor vehicle may not drive the vehicle or permit it to be driven on any highway in Maryland without validated registration plates, unless otherwise expressly authorized by MVA. Expired registration plates may not be displayed. A violation of these provisions is a misdemeanor, subject to a fine of up to \$500 or a prepayment fine of \$70.

Background: According to the National Conference of State Legislatures, as of July 2012, 19 states, including Delaware, Pennsylvania, and West Virginia, allowed one registration plate to be issued for some vehicle classes. The remaining 31 states and the District of Columbia required two plates. Several states only required one plate for certain types of vehicles such as motorcycles, trailers, or all terrain vehicles.

According to a 2012 study by the Texas A&M Transportation Institute, the issuance of two license plates created fiscal and other resource efficiencies in the areas of enforcement, tolling, parking, and homeland security. For example, the study reported that, in Virginia, 23% of toll violations could not be pursued because the rear plates were unreadable. The study also reported that, in field studies using advanced vehicle identification technology, the registration plate identification rate for moving vehicles was 89% in Maryland, compared with 22% in Pennsylvania where only a single registration plate is required.

State Expenditures: TTF expenditures may decrease by about \$23,892 in fiscal 2015, which accounts for the bill's October 1, 2014 effective date, and by more than \$32,175 annually thereafter. This estimate reflects the savings from procuring fewer registration plates and is based on the estimate provided by Maryland Correctional Enterprises (the producer of Maryland registration plates) at the request of MVA. Minimal additional savings may be realized from decreased postage costs.

State Revenues: General fund revenues decrease minimally beginning in fiscal 2015 due to the elimination of penalties under the Maryland Vehicle Law for driving with only one registration plate for Class L and N vehicles. Although a reliable estimate of this

revenue loss cannot be made, *for illustrative purposes only*, general fund revenues may decrease by about \$11,700 in fiscal 2015 and by about \$15,600 annually thereafter, which reflects the following assumptions:

- the number and percentage of violations resulting in a prepaid fine in fiscal 2015 and future years would otherwise remain constant at the average of fiscal 2011 through 2013 levels (10,827 and 74.1%);
- Class L and N vehicles comprise about 2.5% of registered vehicles in Maryland;
- one-half of the violations for failure to display two registration plates in accordance with current law are attributed to driving with only one registration plate;
- the conviction rate in contested cases is 50% and results in the payment of a fine of one-half of the statutory maximum; and
- fines and penalties in fiscal 2015 and future years remain at current levels.

Nonbudgeted revenues may also decrease minimally as the toll collection rate at MDTA facilities likely decreases significantly. MDTA advises that, although its electronic toll facilities photograph both the front and rear of the car, the identification rate is significantly less for vehicles that only display one registration plate. A reliable estimate of this revenue loss cannot be made, but it is not likely to be significant as Class L and N vehicles only comprise about 2.5% of registered vehicles in the State, and only a fraction of these vehicles may use electronically tolled lanes.

Additional Comments: The Department of Legislative Services notes that the bill requires MVA to issue only one plate, but it does not require that each existing registered vehicle have *only one* plate. If all registered vehicles were required to have only one plate, the costs of implementing this standard could increase, but the standard could also significantly reduce the potential for fraud. For example, requiring vehicles to comply immediately, or within a specified phase-in period, may necessitate that MVA retain one or more additional contractual employees to collect the existing front plates. In addition, a contractual program administrator or auditor may be necessary to account for all collected plates.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation, National Conference of State Legislatures, Texas A&M Transportation Institute, Department of Legislative Services

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