

Department of Legislative Services
 Maryland General Assembly
 2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 451

(Senators Guzzone and McFadden)

Budget and Taxation

Environment and Transportation

Vehicle Laws - Title Fees - Rental Vehicles

This bill makes permanent, effective June 1, 2015, the reduced certificate of title fee for rental vehicles, which is currently set at \$50 through fiscal 2016, but which reverts to \$100 – the generally applicable certificate of title fee for vehicles – beginning in fiscal 2017.

The bill takes effect June 1, 2015.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease by about \$165,500 in FY 2015 from the reduced collection by the Motor Vehicle Administration (MVA) of certificate of title fees for rental vehicles, as discussed below. TTF revenues also decrease by more than \$2.0 million annually beginning in FY 2016 from the reduced collection of title fees. Expenditures are not affected.

(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
SF Revenue	(\$0.2)	(\$2.0)	(\$2.1)	(\$2.1)	(\$2.1)
Expenditure	0	0	0	0	0
Net Effect	(\$0.2)	(\$2.0)	(\$2.1)	(\$2.1)	(\$2.1)

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

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law/Background: The certificate of title fee was increased from \$23 to \$50 following the 2007 special session. The 2011 Budget Reconciliation and Financing Act (BRFA) again increased the title fee from \$50 to \$100, except for rental cars, which remained subject to a \$50 fee for the three-year period from fiscal 2012 through 2014 only. The 2014 BRFA continued the reduced fee through fiscal 2016. However, the Attorney General's bill review letter found that this provision, among several others, were not germane to the BRFA and likely violated the single-subject rule of the Maryland Constitution. The letter recommended that MVA not charge the reduced \$50 fee, and MVA followed this recommendation by charging a \$100 fee.

State Revenues: In fiscal 2015 only, TTF revenues decrease by about \$165,500 in fiscal 2015, which represents the payment of reduced title fees for rental vehicles titled in June after the effective date of the bill. This estimate is based on MVA fiscal 2015 data through February 6, 2015, that indicates that 24,273 rental vehicles were titled at a cost of \$100 per title and assumes transaction activity consistent with that level for the duration of fiscal 2015.

TTF revenues also decrease by more than \$2.0 million beginning in fiscal 2016 from the reduced collection by MVA of certificate of title fees for rental vehicles. Assuming that rental vehicle title transactions increase by 1% annually, the decrease in TTF revenues is estimated to exceed \$2.1 million beginning in fiscal 2020. The actual decrease in TTF revenues may vary significantly to the extent that the number of rental vehicle title transactions varies from year to year.

The estimated \$165,500 decrease in TTF revenues in fiscal 2015 represents a loss equivalent to about 0.2% of the projected fiscal 2015 closing balance.

Small Business Effect: At least some small business rental car companies may realize a meaningful increase in future savings from the reduced certificate of title fee established by the bill. According to the U.S. Census Bureau, there were 213 passenger car rental and leasing companies with fewer than 50 employees in Maryland in 2012. Although the average small rental vehicle company may realize additional savings from the reduction in title fee payments of only several hundreds or thousands of dollars annually, this may represent a meaningful amount to some small businesses.

Additional Information

Prior Introductions: None.

Cross File: Although not designated as a cross file, HB 203 (Delegate Beidle – Environment and Transportation) is identical.

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

Fiscal Note History: First Reader - February 16, 2015
md/ljm Revised - Senate Third Reader - March 23, 2015
Revised - Updated Information - April 9, 2015

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