

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 782

(Senators Norman and Eckardt)

Judicial Proceedings

Vehicle Laws - Historic Motor Vehicles - Minimum Age

This bill increases, from 20 years to 25 years, the minimum age for a motor vehicle to qualify for designation as a historic motor vehicle, which makes the vehicle eligible for several exemptions and other benefits under the Maryland Vehicle Law.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) and special fund revenues increase, likely by between \$1 million and \$3 million on an annual basis, as vehicle owners excluded from registering their vehicles as historic pay higher registration fees and surcharges for their vehicles. TTF expenditures increase, likely by more than \$100,000, between FY 2016 and 2018 for the Motor Vehicle Administration (MVA) to procure additional registration plates.

Local Effect: Local revenues increase for jurisdictions statewide due to the increase in Gasoline and Motor Vehicle Revenue Account revenues distributed as highway user revenues.

Small Business Effect: Minimal.

Analysis

Current Law: An historic motor vehicle is currently defined as a motor vehicle, including a passenger vehicle, motorcycle, or truck, that is at least 20 years old; has not been substantially altered from the manufacturer's original design; and meets criteria contained in MVA regulations.

The owner of an historic motor vehicle must certify that the vehicle will be maintained for use in exhibitions, club activities, parades, tours, occasional transportation, and similar uses, and not for general daily transportation or primarily for the transportation of passengers or property on highways. Despite the certification as to how the historic vehicle is to be used, statute does not specifically prohibit historic vehicles from being used in other manners. However, MVA is authorized by regulation to suspend the registration of an historic vehicle for use that is inconsistent with the registration requirements.

Historic vehicles are exempt from the requirement to contain certain equipment unless the presence of the equipment was specifically required by another State law as a condition of sale when the vehicle was manufactured. Historic vehicles are also exempt from any periodic vehicle inspections required by statute, including vehicle emissions inspections. Historic vehicles registered in Maryland, or in another state when used in Maryland, may display vintage registration plates as an indication of the historic or antique nature of the vehicle.

An historic vehicle is generally subject to a \$25.50 annual registration fee, paid biennially, except that a motor vehicle manufactured at least 60 years prior to the current model year is only subject to a one-time registration fee of \$50.00. Historic vehicles also are not subject to the vehicle registration surcharge of \$17.00 per year distributed primarily to the Maryland Emergency Medical System Operations Fund. By contrast, the annualized registration fees, exclusive of the \$17.00 surcharge, for several common classes of vehicles are as follows:

- Class A passenger vehicle of up to 3,700 pounds – \$50.50;
- Class A passenger vehicle of more than 3,700 pounds – \$76.50;
- Class D motorcycle – \$35.00;
- Class E truck of three-quarter tons rated capacity or up to 7,000 pounds – \$63.75;
- Class M multipurpose vehicle of up to 3,700 pounds – \$50.50; and
- Class M multipurpose vehicle of more than 3,700 pounds – \$76.50.

Chapter 389 of 2012 established separate historic vehicle registration requirements that apply to trucks (Class E) with a gross vehicle weight of more than 10,000 pounds, tractors (Class F), or multipurpose (Class M) motor homes. To be registered as an historic vehicle, one of these vehicles must be at least 25 years old. These vehicles may not be used for general daily transportation or any commercial transportation of passengers or property on highways, and they must be insured by an historic vehicle, a show vehicle, or an antique vehicle insurance policy.

MVA data shows that the growth rate in the number of historic vehicle registrations significantly exceeds the growth rate in total vehicle registrations in the State.

For example, the average growth rate in total vehicles registered over the past seven years is well below 1%, as compared to a growth rate of greater than 5% for historic vehicle registrations.

State Revenues: The Department of Legislative Services advises that a reliable fiscal estimate cannot be made at this time due to limited data and numerous uncertainties, including the future annual growth rate in historic vehicle registrations; the annual attrition rate of historic vehicles falling into disuse; the percentage of vehicles that register in each vehicle class, which carry different registration fees; and the timing of historic vehicle registration dates in the biennial cycle, among other factors. However, TTF and other special fund revenues may increase significantly as many drivers that are excluded from registering their vehicle as historic instead pay generally higher fees to register under a different vehicle classification.

The greatest increase in revenues likely occurs in fiscal 2016 (despite the October 1, 2015 effective date) as additional vehicles that are currently registered as historic – and would not otherwise need to pay biennial registration fees in fiscal 2016 – are no longer eligible for historic vehicle registration and are required to re-register under a different vehicle class a year early. These vehicles are eligible for a refund, which partially offsets the additional revenues in fiscal 2016. Additionally, because of this effect, which accelerates the biennial registration for some vehicles to fiscal 2016 from fiscal 2017, the increase in revenues is lower than average in fiscal 2017. Overall, the increase in total revenues may average roughly \$2 million annually over the next several fiscal years, likely exceeding this amount in future years to the extent that the number of vehicles registered as historic continues to rise at a significant rate.

Any estimated increase in TTF revenues also results in distributions to several special funds from the payment of additional registration surcharges, as well as to local governments statewide as highway user revenues.

State Expenditures: TTF expenditures also increase, but to a much lesser extent, in fiscal 2016 through 2018 only for the one-time issuance by MVA of replacement registration plates for individuals that are required to re-register their vehicles. MVA advises that the current cost to procure a set of registration plates is \$4.49. As noted above, considerable uncertainties exist that prevent a reliable estimate of any increase in TTF expenditures; however, the increase in TTF expenditures may exceed \$100,000 between fiscal 2016 and 2018.

Additional Information

Prior Introductions: None.

Cross File: HB 811 (Delegate Hornberger, *et al.*) - Environment and Transportation.

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

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