

Department of Legislative Services
 Maryland General Assembly
 2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 524 (Delegate McMillan, *et al.*)

Environment and Transportation

Judicial Proceedings

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 \$28,300 in FY 2016, which reflects the bill’s effective date, and by more than \$38,200 beginning in FY 2017 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, likely minimally, beginning in FY 2016 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 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------|------------|------------|------------|------------|------------|
| GF Revenue | (-) | (-) | (-) | (-) | (-) |
| NonBud Rev. | (-) | (-) | (-) | (-) | (-) |
| SF Expenditure | (\$28,300) | (\$38,200) | (\$38,500) | (\$38,900) | (\$39,300) |
| Net Effect | \$28,300 | \$38,200 | \$38,500 | \$38,900 | \$39,300 |

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

Local Effect: The bill is not anticipated to materially affect local operations or finances.

Small Business Effect: Minimal.

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. A violation of the requirement to attach a registration plate to the front and rear of a vehicle is a misdemeanor and carries a fine of up to \$500 or a prepayment fine of \$70.

Background: Many older vehicles and some current-year models have been designed without a registration plate incorporated in the design and without additional parts available from the manufacturer to attach registration plates. The owners of such vehicles may be required to purchase additional after-market parts from third-party automotive suppliers, if available, or attach the registration plate without automotive parts designed for this purpose.

According to the National Conference of State Legislatures, as of July 2014, 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.

The Department of Public Safety and Correctional Services (DPSCS) advises that the Maryland Correctional Enterprises (MCE) currently provides employment to about 70 inmates at the license tag plant located at the Jessup Correctional Institution. The employment opportunity provided by the plant enhances safety and security at the institution by reducing idleness and improves employment opportunities for inmates upon release.

State Expenditures: TTF expenditures may decrease by about \$28,338 in fiscal 2016, which accounts for the bill's October 1, 2015 effective date, and by more than

\$38,162 annually thereafter. This estimate reflects the savings from procuring fewer registration plates and is based on the estimate provided by MCE at the request of MVA. Minimal additional savings may be realized from decreased postage costs. The estimate also assumes a 1% annual increase in plate production costs.

State Revenues: General fund revenues decrease minimally beginning in fiscal 2016 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 \$12,600 in fiscal 2016 and by about \$16,800 annually thereafter, which reflects the following assumptions:

- the number and percentage of violations resulting in a prepaid fine in fiscal 2016 and future years would otherwise remain constant at the average of fiscal 2011 through 2014 levels (10,081 and 74.2%);
- Class L and N vehicles comprise about 2.9% 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 2016 and future years remain at current levels.

Nonbudgeted revenues also decrease minimally as the toll collection rate at MDTA facilities likely decreases. MDTA advises that, although its electronic toll facilities photograph both the front and rear of the car, the identification rate is significantly lower 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 2.9% 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: HB 77 of 2014 received a hearing in the House Environmental Matters Committee, but no further action was taken.

Cross File: Although not designated as a cross file, SB 380 (Senator Mathias – Judicial Proceedings) is identical.

Information Source(s): Department of State Police, Maryland Department of Transportation, Department of Public Safety and Correctional Services, Judiciary (Administrative Office of the Courts), National Conference of State Legislatures, Texas A&M Transportation Institute, Department of Legislative Services

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