

**Department of Legislative Services**  
 Maryland General Assembly  
 2017 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1401 (Delegate C. Wilson, *et al.*)  
 Environment and Transportation

**Vehicle Laws - Special Registration Plate - United States Armed Forces**

This bill requires the Motor Vehicle Administration (MVA) to develop a specially designed registration plate honoring the U.S. Armed Forces to be available for a qualifying vehicle owner. The bill specifies required design elements of the registration plate as well as the classes of vehicle that may display the plate. The bill also establishes a one-time fee to be set to recover the costs of issuing the plate, as well as a \$20 initial and renewal registration fee for distribution to the Maryland Chapter of the Disabled American Veterans (DAV). No portion of the fees collected may be distributed to the Gasoline and Motor Vehicle Revenue Account.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) expenditures increase by about \$226,500 in FY 2018, which reflects the October 1, 2017 effective date, for MVA costs associated with making the plate available, under the assumptions discussed below. Likewise, TTF revenues increase by about \$104,000 in FY 2018 due to the collection of the one-time fee required by the bill to be set by MVA at the level necessary to recover costs of implementing the bill. Future years reflect annualization and elimination of one-time and short-term costs. Fee revenues distributed to DAV are not reflected below.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	\$104,000	\$52,000	\$52,000	\$52,000	\$52,000
SF Expenditure	\$226,500	\$45,200	\$12,500	\$12,500	\$12,500
Net Effect	(\$122,500)	\$6,800	\$39,500	\$39,500	\$39,500

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

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** To be eligible to receive a specially designed registration plate, the vehicle for which the plate is to be affixed must be a Class A (passenger), Class D (motorcycle), Class E (truck), Class G (trailer), or Class M (multipurpose) vehicle. The registration plate must be designed to include a graphic design of a bald eagle and the words “Support Maryland Veterans.”

The bill also clarifies that the owners of vehicles that are exempt from paying vehicle registration fees are exempt from the registration fees established by the bill.

**Current Law/Background:** Special registration plates, which include an unusual feature such as an emblem or logo depicting an organization, are available for eligible vehicles with payment of an additional fee. Special registration plates are also transferrable in some instances.

MVA issues several types of special commemorative geographical, historical, natural resource, and environmental registration plates (such as the Chesapeake Bay and Maryland agriculture plates), as well as numerous organizational registration plates. According to the National Conference of State Legislatures, as of June 2016, Maryland issues more than 700 special registration plates – more than any other state.

The contribution of the armed forces is recognized through several provisions within the Maryland Vehicle Law. Specifically, Maryland has exemptions from registration fees for veterans with certain disabilities and vehicles owned by national veterans’ organizations as well as special registration plates for honorably discharged veterans; recipients of individually earned, combat-related, armed forces medals; and recipients of a U.S. Department of Defense Gold Star indicating status as a surviving spouse, parent, or next of kin of a member of the armed forces who lost his/her life in combat.

DAV is a nonprofit 501(c)(4) charity dedicated to building better lives for America’s disabled veterans and their families. The charity was founded in 1920 by disabled veterans returning from World War I to represent their unique interests. In 1932, DAV was congressionally chartered as the official voice of the nation’s wartime disabled veterans. Today, DAV has more than 1.3 million members.

**State Fiscal Effect:** TTF expenditures increase by \$226,505 in fiscal 2018 for producing and procuring the new special registration plate, contractual reprogramming costs, postage,

and one contractual employee (for the first two years). The estimate accounts for the bill's October 1, 2017 effective date.

Contractual Position	1
Computer Programming – Outside Vendor	\$177,000
Contractual Salary and Fringe Benefits	24,525
Registration Plates	19,660
Postage	<u>5,320</u>
<b>Total FY 2018 State Expenditures</b>	<b>\$226,505</b>

This estimate does not include any costs associated with designing the new plate as MVA advises it already offers a similar plate. The estimate also does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act. The contractual position terminates after fiscal 2019. Thereafter, ongoing costs reflect those associated with producing and procuring the plates and postage.

This estimate assumes that 1,000 owners of vehicles that are newly registered choose to obtain the special registration plate on an annual basis (with 750 doing so in fiscal 2018) and that 1,250 owners of vehicles that are already registered choose to obtain the special registration plate in fiscal 2018 before the end of their biennial registration period.

TTF revenues increase by about \$104,000 in fiscal 2018. Under the scenario above, and assuming eventual cost recovery, MVA advises it has to set the fee for the plate at \$52. The cost-recovery fee is based on the five-year total of estimated expenditures and the assumed demand for plates.

The Department of Legislative Services advises that, to the extent the demand for these plates is significantly greater than under the assumptions made by MVA, the fee may be reduced; conversely, to the extent the demand for these plates is lower than assumed, MVA may need to raise the cost-recovery fee.

**Additional Comments:** Under the assumptions discussed above and assuming a \$20 initial and renewal fee for disbursement to DAV (the minimum amount for each fee specified in the bill), issuance of the new plate results in \$240,000 over the five-year period for DAV. If the initial and/or renewal fee is set at a higher amount, revenues for DAV increase accordingly.

## **Additional Information**

**Prior Introductions:** HB 541 of 2012 received an unfavorable report from the House Environmental Matters Committee.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation; National Conference of State Legislatures; Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2017  
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Analysis by: Eric Pierce

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510