

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1264 (Delegate Mautz, *et al.*)
 Environment and Transportation

Vehicle Laws - Registration Plates

This bill institutes a one-registration plate requirement, repealing the requirement to display both a front and rear registration plate for most vehicle classes. The registration plate must be attached to the rear of most classes of vehicles. The bill also prohibits a person from knowingly violating the term of issuance for any Class L (Historic) vehicle registration plate. A first violation must be enforced by the issuance of a warning.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures decrease significantly, by as much as \$761,700 in FY 2021 and \$1.0 million beginning in FY 2022 due to reduced production and postage costs associated with scaling down to a single-registration plate requirement. Nonbudgeted revenues decrease, likely significantly, from an increase in unpaid tolls at facilities using electronic tolling. General fund revenues decrease beginning in FY 2021 due to the elimination of penalties collected for driving with one registration plate.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
GF Revenue	(-)	(-)	(-)	(-)	(-)
NonBud Rev.	(-)	(-)	(-)	(-)	(-)
SF Expenditure	(\$761,700)	(\$1,015,600)	(\$1,015,600)	(\$1,015,600)	(\$1,015,600)
Net Effect	\$761,700	\$1,015,600	\$1,015,600	\$1,015,600	\$1,015,600

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

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 five vehicle classes. Class D (motorcycle), Class F (tractor), and Class G (trailer) vehicles are exempt from the two registration plate requirement. In addition, a Class L (historic) or Class N (street rod) vehicle is exempt if the vehicle was manufactured 50 years or more before the current model year. Class F vehicles are required to display the registration plate on the front of the vehicle. Historic and antique vehicles must display a current registration plate in the place provided on the vehicle. In addition, the Motor Vehicle Administration (MVA) must issue only one plate for vehicles with temporary registration.

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 June 2016, 19 states, including Delaware, Pennsylvania, and West Virginia, allow one registration plate to be issued for most vehicles. The remaining 31 states and the District of Columbia require two plates. Several states only require 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) advised in 2018 that the Maryland Correctional Enterprises (MCE) was providing 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. DPSCS advised that a one-plate standard could jeopardize these goals.

The Department of State Police advises that the front plate is important for investigators and allows officers and civilian witnesses to easily identify and report vehicles suspected to be involved in criminal activities, missing persons, hit and run collisions, or other investigations involving motor vehicles.

State Expenditures: TTF expenditures decrease significantly, by as much as \$761,723 in fiscal 2021, which accounts for the bill's October 1, 2020 effective date. This estimate reflects the savings from procuring and sending fewer registration plates. The information and assumptions used in calculating the estimate are stated below:

- Issuance of new and replacement plates remains constant.
- The cost of procuring registration plates from MCE decreases; according to MVA, that cost drops by about \$750,609 in fiscal 2021.
- The cost of plates is flat in future years.
- Approximately 26,000 sets of plates continue to be mailed to customers each year, but each set consists of only one plate rather than two plates.
- The current cost to ship one plate, as opposed to two, decreases by \$0.57, which results in additional savings, and these savings remain the same in future years.

According to MVA, future savings reflect annualization and are assumed to total \$1,015,630 each year.

State Revenues: Nonbudgeted revenues decrease significantly as the toll collection rate at Maryland Transportation Authority (MDTA) facilities likely decreases significantly. MDTA advises that it uses camera images of both the front and rear license plate to identify vehicles passing through toll facilities. If the rear plate is obscured or the image is distorted, MDTA relies on the front plate to determine who owes the toll. MDTA has conducted an analysis of the effect of vehicles displaying only one registration plate and, based on the number of vehicles that would not have been charged the appropriate toll in fiscal 2017 and based on 2016 toll rates, a single-plate standard could be expected to result in a loss of \$15.6 million in nonbudgeted revenues in the first full fiscal year. However, the Department of Legislative Services (DLS) advises that the actual revenue loss may be a fraction of this estimated amount, as the bill pertains only to the *issuance* of new registration plates, and many vehicles may continue to display two plates for many years following the bill's effective date.

General fund revenues may also decrease beginning in fiscal 2021 due to the elimination of penalties under the Maryland Vehicle Law for driving with only one registration plate. *For illustrative purposes only*, general fund revenues may decrease by about \$164,811 in fiscal 2021 and \$219,748 annually thereafter, which reflects the following assumptions:

- The number and percentage of violations resulting in a prepaid fine in fiscal 2021 and future years would otherwise remain constant at the fiscal 2019 level (3,316 and 67.0%).
- 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 the statutory maximum (*i.e.*, \$250).
- Fines and penalties in fiscal 2021 and future years remain at current levels.

The provisions related to Class L (Historic) vehicle registration plates are not expected to result in any material effect on general fund revenues.

Additional Comments: DLS 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 significantly, but the standard could also significantly reduce the potential for fraud and result in a significant decrease in MDTA nonbudgeted toll facility revenues, as noted above. Requiring all registered vehicles to comply immediately, or within a specified phase-in period, would necessitate that MVA retain a substantial number of contractual employees to collect the existing front plates. In addition, a contractual program administrator or auditor could be necessary to account for all collected plates.

Additional Information

Prior Introductions: Similar legislation has been considered. SB 12 of 2018, SB 332 of 2008, and SB 61 of 2003 received unfavorable reports by the Senate Judicial Proceedings Committee. HB 61 of 2015 received an unfavorable report from the House Environment and Transportation Committee. HB 327 of 2014, HB 583 of 2012, HB 513 of 2011, HB 1063 of 2010, and HB 430 of 2009 received unfavorable reports from the House Environmental Matters Committee, whereas HB 562 of 2013 received a hearing in that committee, but no further action was taken. HB 475 of 2001 received an unfavorable report from the House Commerce and Government Matters Committee.

Designed Cross File: None.

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

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