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Acting Secretary

February 20, 2020

The Honorable Kumar Barve
Chairman, House Environment & Transportation Committee
251 House Office Building
Annapolis MD 21401

Re: Letter of Information – House Bill 632 – Vehicle Laws – Multiyear Registration

Dear Chairman Barve and Committee Members:

The Maryland Department of Transportation Motor Vehicle Administration (MDOT MVA) takes no position on House Bill 632 but offers the following information for the Committee's consideration.

House Bill 632 requires the MDOT MVA to adopt a system of multi-year vehicle registration that includes an option for a one-year renewal for Class A (passenger) and Class D (motorcycle) vehicles. The bill requires the Administration to phase in the multi-year registration system based on vehicle model year, reducing the required age by one year, each year for 21 years, until the program is fully implemented in 2041. The bill further permits the Administration to charge a late fee not exceeding \$25 for registration renewals that occur more than one week after expiration, with a portion of the funds designated for the Maryland Trauma Physician Services Fund.

Current law allows but does not require the MDOT MVA to offer multi-year registration periods. Generally, registration periods for personal vehicles are two years; however, the MDOT MVA offers one-year registrations upon the request of in-person applicants. In fiscal year 2019 there were approximately 112,250 vehicles registered for a one-year period.

The practice of offering particular products or services to customers based on eligibility criteria which changes year by year would be challenging to implement. While some products, such as historic plates, are contingent on the model year of the vehicle, the requirements are consistent and easily intelligible – passenger vehicles, motorcycles, and trucks 20 calendar years or older are eligible. Offering customers access to certain registration periods based on eligibility criteria which will change every year until 2041 will undoubtedly lead to customer confusion.

Finally, while the Maryland Department of Transportation is constantly seeking to explore any opportunities to improve customer service, a perhaps unintended consequence of House Bill 632 would be a disruption in the predictable flow of revenues to the Transportation Trust Fund (TTF). The negative impact to the TTF in the short term (through FY 2025) is estimated at almost \$11.5 million. This sudden decrease would negatively impact the Department's current

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Consolidated Transportation Program (CTP), which funds large-scale capital projects throughout the State. The negative impact to local capital grants is estimated at \$1.3 million. Moreover, the ability of MDOT to issue bonds based on a now-predicable funding stream to the TTF would be diminished. The disruption of revenues will also impact Emergency Medical Services (EMS) and the Trauma Physician Services Fund, both of which are partially funded by vehicle registration surcharges, and which will experience a short term (through FY 2025) reduction in funding of more than \$3.1 million, combined. The addition of late fee revenues may contribute approximately \$17.1 million to the TTF, and \$5.7 million to the Trauma Physician Services Fund. However, because these revenues are earned as late fees, MDOT MVA may be required to lower other fees in order to keep from recovering more than 100% of expenses.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee consider this information during its deliberations on House Bill 632.

Respectfully submitted,

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