



Senate Bill 866

Special Vehicle Registration Plates - Chesapeake Bay Trust and Maryland Agricultural Education Foundation – Appropriation

Date: March 7, 2023

Support with Amendment

Submitted to: Senate Budget and Taxation Committee

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Summary

Maryland has had only two commemorative vehicle license plates for 23 years: the “bay plate” and “ag tag.” Should additional commemorative plates be introduced, bay plate and ag tag revenues would likely decline (Figs 1-3 below). SB 866, if amended with a new formula, would keep the revenue managed by the Chesapeake Bay Trust (Trust) and Maryland Agricultural Education Foundation (MAEF) “whole” using general fund appropriations, benchmarked to current levels. The Trust does not keep the bay plate revenue: It distributes the funds to 350-400 grantees per year throughout Maryland (Youghiogheny, Chesapeake, and Coastal Bays watersheds). The amended bill would therefore predominantly help these hundreds of grantees.

Background on the Chesapeake Bay Trust

The Trust, a nonprofit grant-maker, was established by the General Assembly in 1985 to complement the work of larger state agencies by reaching community-based groups directly on the ground. The Trust’s method is to empower groups by providing them the ability to lead and own their own work to co-benefit their communities and natural resources, mainly through grants.

When the Trust was created, the General Assembly did not provide a general appropriation, but instead created two revenue streams: The Chesapeake Bay Commemorative License Plate program and the Chesapeake and Endangered Species Tax Check Off that raise private dollars. Bay plate revenue has remained stable since 2010, generating ~\$3.5 million per year. This stability is because the number of commemorative license plate options has not changed for 23 years. Should more license plate designs become available, because there is a fixed number of vehicles, bay plate (and ag tag) revenue will likely drop, as has happened in other states (Figures 2, 3). Should revenues drop, Trust grant-making would also drop, and the Trust will be able to support fewer grantee organizations.

The nature of license plate revenue

Data from other states show that only about 8-10% of the population will spend an additional amount (~\$20) for a colorful license plate (Fig 1 below). Considering bay plates, ag tags, and the 900+ organizational tags (<https://mva.maryland.gov/Pages/licenseplates-Organizational.aspx>, mainly designed for awareness/pride rather than revenue), Maryland is at about the 10% saturation level now. Public opinion polling shows that about 70% of people buy the bay plate for aesthetic value. Currently the demographics of bay and ag tags owners are close to the demographics of Maryland by geography,

gender, and ethnicity/race. For example, 29-37% and 37-44% of people who have bay plates and ag tags, respectively, on their vehicles or on those of household members are of color.

Because there is a finite number of registered vehicles and 10% of the population already has a special license plate, the larger the number of license plate options, the less revenue each will generate (Figure 2 below). SB 866 would compensate for the drop in bay plate and ag tag revenue, as new plates become available to vehicle owners, with a general appropriation, with an amendment proposed that it be benchmarked to FY17-FY22 levels.

Chesapeake Bay Trust grant-making

The Trust has made grants in every Maryland district, \$150 million through 12,000+ grants and projects since 1985, providing support for 100,000 K-12 students and adults annually to learn and accomplish measurable environmental improvement. The Trust makes 350-400 awards per year and has ~1,000 active awardees at any one time. (see <https://cbtrust.org/annual-report/>).

Demand far exceeds availability of even current level of funds by about 3:1.

Trust grantees are of two types: environmental organizations and non-environmental organizations that pursue green projects. Examples of the latter are schools, faith-based entities, homeowners and civic associations, and nonprofits focusing on other causes (health, jobs, housing, etc.) who see an intersection between environment and their cause (e.g., Veterans Engagement program (<https://cbtrust.org/grants/veterans-engagement/>)). The Trust has long worked to bring new audiences to the table, as indicated by a 15+-year old Diversity, Equity, and Inclusion initiative (<https://cbtrust.org/diversity-inclusion/>).



The Trust is known for its efficiency, putting on average 90 cents of every dollar into programs. Due to this uncommonly high efficiency, the Trust has been rated with the maximum four-star rating by the nation's leading charity evaluator, Charity Navigator, for more than two decades, putting it in the top 1% of non-profits in the nation.



Value of Bay Plate Revenue in Leveraging More Money for Maryland

The Trust leverages the \$4 million in unrestricted bay plate and tax checkoff dollars into \$20 million+ annually by attracting other partners with resources. An example is the Trust's partnership with the U.S. Environmental Protection Agency, in which the Trust offers \$300,000, and the EPA matches it annually with ~\$1,000,000 for a Green Streets, Green Jobs, Green Towns grant program. <https://cbtrust.org/grants/green-streets-green-jobs-green-towns/>.



In addition, in 2021 and 2022, the General Assembly tapped the Trust to create and administer the Urban Trees Grant Program (2021) <https://cbtrust.org/grants/urban-trees/> and the Chesapeake Conservation Corps (2020) www.cbtrust.org/corps, which is partly staffed and supported with unrestricted Bay Plate dollars. The bay plate and other unrestricted revenue also fund the Trust's K-12 environmental education, on-the-ground restoration, and community engagement grant programs.

Figure 1: Market saturation of background scene plates, with an example from Florida. (Florida posts their data in the clearest, most accessible format. Partial data are available from other states.)

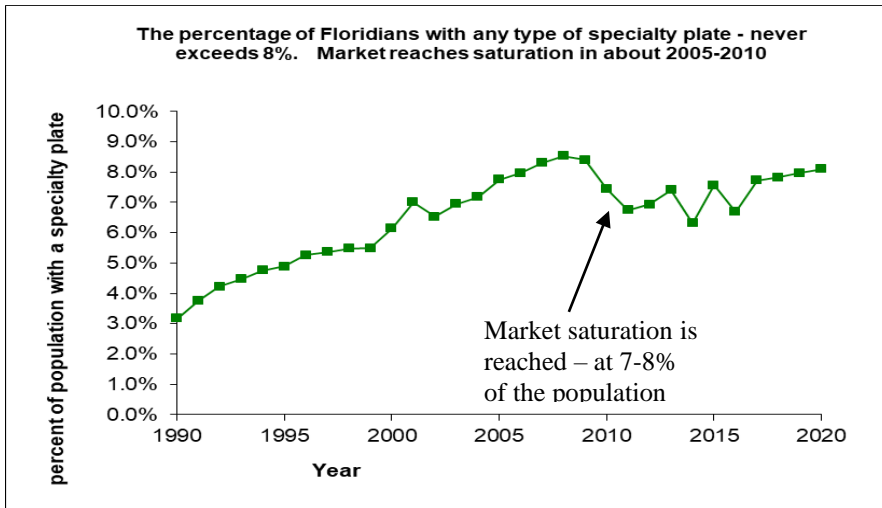


Figure 2: Examples of decreases in specialty license plate revenue with increasing #s of additional plates over time

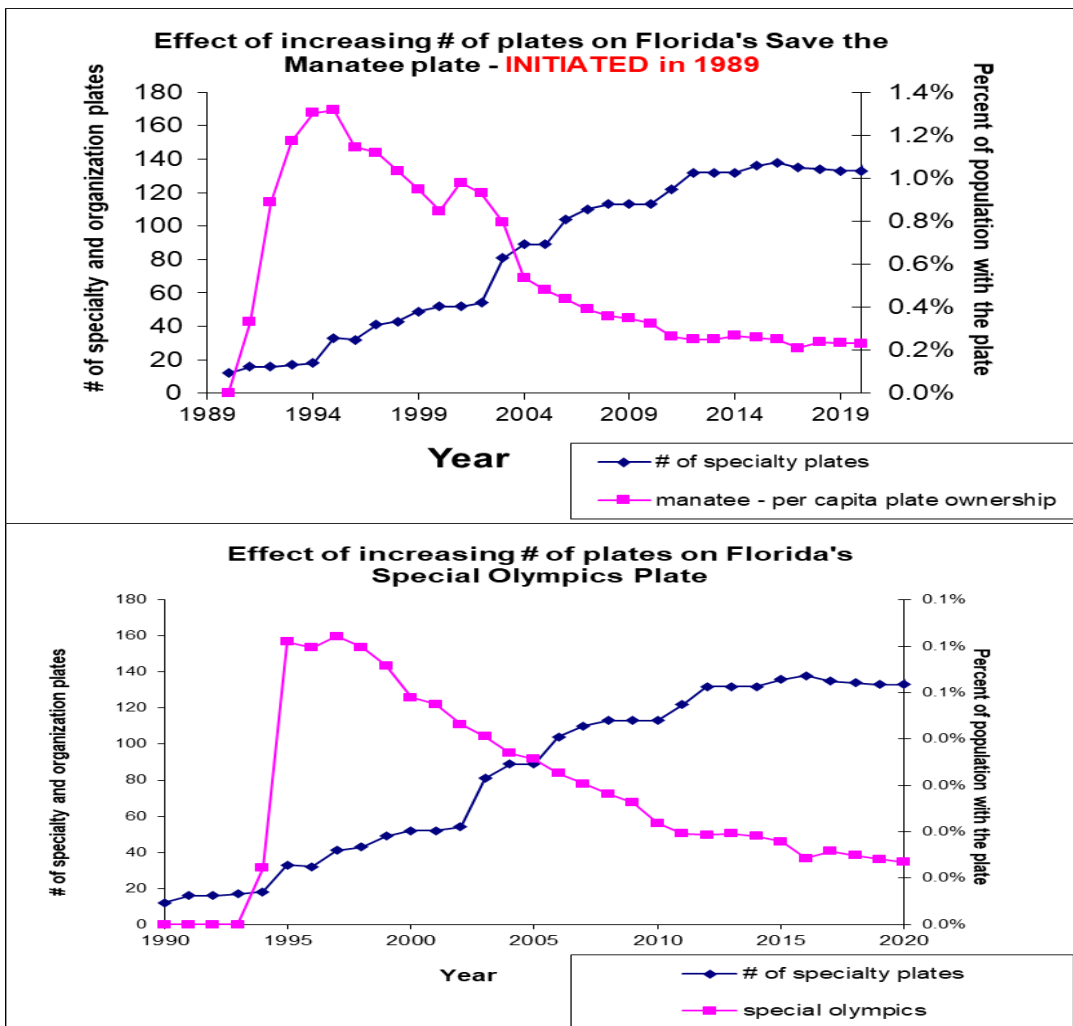


Figure 3: Florida license plate picture in 2005 (fewer plate options) vs. 2015 (more plate options): As there are more plate options, each individual one has a smaller piece of the revenue pie

