

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 304 (Senator Jennings)
Judicial Proceedings

Vehicle Laws - Special Registration Plates - Class L (Historic) Vehicles

This bill authorizes historic (Class L) vehicles to receive specified special and organizational registration plates and requires the Motor Vehicle Administration (MVA) to issue modified special registration plates that include the historic vehicle designation on the special registration plates.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by at least \$388,000 in FY 2016 for MVA to contract with one or more vendors to undertake extensive reprogramming of several MVA databases. TTF expenditures increase further, but likely to a lesser extent, for special registration plate design, production, and issuance costs. TTF revenues increase, potentially significantly, beginning in FY 2016 as additional vehicles become eligible to purchase special registration plates.

Local Effect: The bill does not materially affect local operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill's authorization applies to certain special registration plates, including disability registration, Chesapeake Bay, Maryland agriculture, amateur radio operator, combat-related armed forces, and organizational registration plates.

Current Law/Background: Under current law, different vehicle classes are eligible for different special registration and organizational plates. However, Class L (historic)

vehicles are not eligible to receive most types of special registration plates, except for personalized (“vanity”) plates and vintage registration plates.

Special Registration Plates

MVA issues several types of special commemorative geographical, historical, natural resource, or environmental registration plates (such as the current Chesapeake Bay and Maryland agriculture plates), as well as numerous organizational registration plates. In fact, according to a National Conference of State Legislatures database, as of July 2014, Maryland issues more different forms of specialty registration plates than any other state, with more than 700 types counted; Texas issues the second greatest number of different specialty plate types with 363.

Historic Vehicles

An historic motor vehicle is currently defined as a motor vehicle, including a passenger vehicle, motorcycle, or truck, that is at least 20 years old, has not been substantially altered from the manufacturer’s original design, and meets criteria contained in MVA regulations. Certain large trucks, motor homes, and tractors have different criteria for designation as historic.

The owner of an historic motor vehicle must certify that the vehicle will be maintained for use in exhibitions, club activities, parades, tours, occasional transportation, and similar uses, and not for general daily transportation or primarily for the transportation of passengers or property on highways. Despite the certification as to how the historic vehicle is to be used, statute does not specifically prohibit historic vehicles from being used in other manners. However, MVA is authorized by regulation to suspend the registration of an historic vehicle for use that is inconsistent with the registration requirements.

Historic vehicles are exempt from the requirement to contain certain equipment unless the presence of the equipment was specifically required by another State law as a condition of sale when the vehicle was manufactured. Historic vehicles are also exempt from any periodic vehicle inspections required by statute, including vehicle emissions inspections. Historic vehicles registered in Maryland, or in another state when used in Maryland, may display vintage registration plates as an indication of the historic or antique nature of the vehicle.

An historic vehicle is generally subject to a \$25.50 annual registration fee, paid biennially, except that a motor vehicle manufactured at least 60 years prior to the current model year is only subject to a one-time registration fee of \$50.00. Historic vehicles also are not subject to the vehicle registration surcharge of \$17.00 per year distributed to the

Maryland Emergency Medical System Operations Fund and the Maryland Trauma Physicians Services Fund. By contrast, the annualized registration fees, exclusive of the \$17.00 surcharge, for several common classes of vehicles are as follows:

- Class A passenger vehicle of up to 3,700 pounds – \$50.50;
- Class A passenger vehicle of more than 3,700 pounds – \$76.50;
- Class D motorcycle – \$35.00;
- Class E truck of three-quarter tons rated capacity or up to 7,000 pounds – \$63.25;
- Class M multipurpose vehicle of up to 3,700 pounds – \$50.50; and
- Class M multipurpose vehicle of more than 3,700 pounds – \$76.50.

State Expenditures: TTF expenditures increase by \$388,000 in fiscal 2016 only for MVA to contract with a vendor for external programming of several data systems. This estimate includes \$40,000 for reprogramming of the disability plate system, \$48,000 for reprogramming of the MVA web/kiosk architecture, and \$300,000 for reprogramming of six different internal data systems. MVA estimates that the internal data system reprogramming cost estimate is a rough order-of-magnitude estimate and that actual costs may vary significantly.

This estimate does not include any costs for special registration plate redesign, production, or issuance, which may be significant. MVA was unable to provide an estimate of these costs in time for inclusion within this fiscal and policy note, which will be revised upon receipt of any relevant additional information.

State Revenues: TTF revenues increase, potentially significantly, beginning in fiscal 2016 as newly registered historic vehicles become eligible to receive special registration plates and pay the additional fees associated with their issuance. A reliable estimate of the increase in TTF revenues cannot be made without additional data on historic vehicle registrations and special registration plate issuance. However, *for illustrative purposes only*, TTF revenues may increase by more than \$50,000 on an annual basis (\$37,500 in fiscal 2016 due to the bill's effective date) under the following assumptions:

- 10,000 vehicles register with MVA each year under Class L (historic);
- 25% of these vehicles decide to obtain special registration plates; and
- each special registration plate fee is (and remains) \$20.

Future TTF revenues increase to a greater extent as some special registration plate fees are paid annually (collected biennially upon a vehicle's renewal) rather than one time at the plate's issuance. Thus, TTF revenues increase each year by the amount collected from new registrants, plus the fees paid at the time of renewal from previous registrants.

TTF revenues may also increase further, although likely minimally, in fiscal 2016 and to a lesser extent in future fiscal years as currently registered historic motor vehicles that are newly eligible to receive special registration plates pay additional fees to replace the existing plates with new special registration plates. These substitute plate fees associated with the replacement of current registration plates are likely to diminish in future years, assuming most individuals that would pay to replace their current registration plates do so following the bill's effective date.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2015
min/ljm

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