

Department of Legislative Services  
 Maryland General Assembly  
 2017 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 343 (Delegates Angel and Frush)  
 Environment and Transportation

Motor Vehicles - Special Deafness Registration Plate

This bill requires the Motor Vehicle Administration (MVA) to develop a special registration plate that includes the international symbol for deafness to be made available for qualifying applicants. The bill specifies the classes of vehicle that may display the plate and requires MVA to charge an initial and renewal registration fee to recover the costs of issuing the special plate.

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) expenditures increase by approximately \$208,700 in FY 2018 for procuring and producing the special registration plates, contractual reprogramming costs, and postage and supplies. Out-years reflect ongoing postage and supplies, which, beginning in FY 2021, are negligible. Likewise, TTF revenues increase beginning in FY 2018 by approximately \$26,500 due to the cost-recovery fee established by the bill. Out-years reflect biennial renewal and new issuances.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	\$26,500	\$35,600	\$38,700	\$40,300	\$69,900
SF Expenditure	\$208,700	\$1,200	\$100	\$0	\$0
Net Effect	(\$182,200)	\$34,300	\$38,600	\$40,300	\$69,900

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

**Local Effect:** None.

**Small Business Effect:** None.



## Analysis

**Bill Summary:** The owner of a vehicle, a specified lessee of a vehicle, or a director, officer, employee, or a partner of a business entity that owns the vehicle may apply to MVA for the special registration plate if a representative of the Maryland Association for the Deaf or a licensed physician certifies that the applicant is deaf or hard of hearing. To be eligible to receive the special registration plate, the vehicle for which the plate is to be affixed must be a Class A (passenger), Class D (motorcycle), Class E (truck), or Class M (multipurpose) vehicle.

**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.

**State Fiscal Effect:** TTF expenditures increase by \$208,656 in fiscal 2018 for designing, producing, and procuring the new special registration plate; contractual reprogramming costs; and postage and supplies. The estimate accounts for the bill's October 1, 2017 effective date.

Computer Programming – Outside Vendor	\$196,750
Plate Design	10,000
Other Plate Costs (Production, Postage)	1,406
Start-up Costs	500
<b>Total FY 2018 State Expenditures</b>	<b>\$208,656</b>

Certain costs are fixed; others depend on the number of plates issued. For example, the design cost does not change, while the postage and related supplies are estimated on a per-plate basis. Thus, costs could increase or decrease considerably from this projection.

This estimate is based on data from MVA, which indicates that there are currently 1,553 individuals with a hearing impaired restriction who possess an MVA credential (*i.e.*, driver's license or identification card). MVA assumes that 10% of this population (155 individuals) applies for the plate between fiscal 2018 and 2020. In addition, MVA estimates that 115 *new* individuals obtain a credential with a hearing impaired restriction

each year. Thus, MVA also assumes that 10% of that population (12 individuals) apply for the special registration plate each year.

TTF revenues increase beginning in fiscal 2018. Under the scenario above, and assuming eventual cost recovery (in just over five years), MVA advises it would need to set the fee for the plate at \$395. This takes into account payment of the same fee for biennial renewal. Thus, TTF revenues increase by \$26,465 in fiscal 2018 and \$35,550 in fiscal 2019, reflecting initial issuance of 67 and 90 plates in those years. However, TTF revenues increase by \$38,710 in fiscal 2020 and \$40,290 in fiscal 2021, reflecting biennial renewal of 67 and 90 plates in those years, respectively, as well as issuance of 31 new plates in fiscal 2020 and 12 new plates in fiscal 2021. In fiscal 2022, the compounding effect continues, with TTF revenues increasing by \$43,450, reflecting biennial renewal of the 98 plates issued in fiscal 2020 as well as 12 new plates issued that year. Revenues over the five-year period total \$184,465. By mid-year in fiscal 2023, MVA would fully recoup its costs.

The Department of Legislative Services advises, however, that the magnitude of the revenue increase depends on how many eligible individuals actually choose to purchase the special registration plate established by the bill. If the take-up rate of eligible individuals is greater than anticipated by MVA, the revenue increase could be more significant – and the fee charged for cost recovery could be much lower. On the other hand, if relatively few eligible individuals choose to purchase the plate, revenues could increase more minimally, and the fee charged would have to be higher to cover fixed costs, or the cost-recovery period would have to be extended.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 15, 2017  
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