

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1091

(Delegate Folden, *et al.*)

Environment and Transportation

Education, Health, and Environmental Affairs

Off-Highway Recreational Vehicle Fund - Establishment

This bill establishes the Off-Highway Recreational Vehicle (OHRV) Fund within the Department of Natural Resources (DNR) to acquire, construct, and maintain trails for the use of OHRVs.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease by as much as \$375,000 in FY 2019 and \$500,000 in subsequent years as a portion of excise tax revenues are distributed to the new fund instead. Special fund revenues to the new fund increase correspondingly. As DNR can administer the new fund with existing resources, special fund expenditures for trails may increase by up to the amount available in the fund in any given year.

Local Effect: Local highway user revenues decrease minimally beginning in FY 2019. Expenditures are not otherwise affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: The fund consists of (1) specified fees and revenues collected by DNR; (2) revenues distributed to the fund from OHRV excise taxes; (3) investment earnings generated by the fund; (4) money appropriated in the State budget for the fund; and (5) any other money from any other source accepted for the benefit of the fund. The fund may be used for DNR's administrative costs in accordance with State law.

The bill requires the Comptroller to transfer one-third of the revenues from the excise tax imposed for each OHRV to the OHRV special fund. The other two-thirds continues to go to TTF.

Current Law: An OHRV is defined as (1) a motor-assisted or motor-driven vehicle that is commonly known as an all-terrain vehicle; (2) a motor-assisted or motor-driven vehicle that has specified features and is commonly known as a side-by-side utility vehicle; (3) a motorcycle that is designed for off-highway operation and is not eligible for registration as a Class D (motorcycle) vehicle, commonly known as a dirt bike; or (4) a snowmobile.

An OHRV does not, however, include (1) a farm vehicle that is owned by a farmer and meets specified requirements or (2) any vehicle used on residential property for landscaping, gardening, or lawn care.

Vehicle Excise Tax

The motor vehicle excise tax is collected on both new and used vehicles sold in the State. The tax is more commonly referred to as a “titling tax,” and it is collected for each certificate of title that is issued for motor vehicles, trailers, semitrailers, mopeds, motor scooters, and OHRVs for which sales and use tax is not collected at the time of purchase. A tax of 6% is generally imposed on the fair market value of the vehicle, less an allowance for a vehicle that is traded in. All excise tax revenues are remitted to TTF with a portion distributed to local governments as local highway user revenues. In fiscal 2017, more than \$1.3 million in motor vehicle excise tax revenue was collected from OHRVs.

Background: DNR advises that, in July 2017, the Maryland Forest Service opened a new OHRV trail and campground at Savage River State Forest in Garrett County. The trail is the first trail on DNR land designed specifically for OHRV enthusiasts. Users must have a registered OHRV with DNR, or a vehicle titled with the Motor Vehicle Administration (MVA) that is suitable for off-road use. The operating budget for the new trail is estimated at \$68,225 in fiscal 2018, which largely reflects personnel and equipment costs.

OHRVs titled with MVA are exempt from purchasing a permit when using specified DNR lands. Otherwise, OHRV vehicles must be registered annually with DNR and display a registration sticker. In 2017, DNR issued 678 OHRV permits; permit revenues totaled \$6,760. DNR issued a similar number of permits in 2016.

DNR further advises that, except for the newly opened OHRV trail in Garrett County, OHRVs are not permitted on any Maryland Park Service lands.

State Fiscal Effect: MVA advises that, based on fiscal 2017 data, TTF revenues from OHRV excise taxes are more than \$1.3 million annually. The bill modifies the distribution

of these revenues so that one-third is deposited into the OHRV special fund and the other two-thirds continue to be deposited into TTF; accordingly, local highway user revenue distributions decrease minimally.

Based on the assumption that OHRV excise tax revenues remain at a similar or slightly higher level in future years, as much as \$375,000 may be distributed to the new fund instead of TTF in fiscal 2019 (due to the bill's October 1, 2018 effective date) and as much as \$500,000 may be distributed to the new fund instead of TTF annually thereafter.

Thus, DNR special fund expenditures increase by as much as \$375,000 in fiscal 2019 and as much as \$500,000 annually thereafter as the bill provides a source of funding for trail acquisition, construction, and maintenance. Any such spending is discretionary and may be made only in accordance with the State budget. This analysis assumes DNR supplements existing expenditures related to trails, with up to the amount available in the fund expended each year. However, as the new fund is nonlapsing, any remaining balance carries over to the next year.

MVA advises that it can handle computer programming necessitated by the bill with existing resources.

Additional Information

Prior Introductions: None.

Cross File: SB 1030 (Senator Hough) - Education, Health, and Environmental Affairs.

Information Source(s): Comptroller's Office; Department of Natural Resources; Maryland Department of Transportation; Department of Legislative Services

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