

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 646

(Delegate P. Young, *et al.*)

Environment and Transportation

Judicial Proceedings

Vehicle Registration - Special Plates for Veterans - Fees

This bill requires the Motor Vehicle Administration (MVA) to charge an additional fee for the issuance of certain special registration plates. The additional fee must result in a surplus of at least \$10 for each new registration plate issued and must be credited to the Maryland Veterans Trust Fund. No portion of the additional fee collected may be distributed to the Gasoline and Motor Vehicle Revenue Account. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: Special fund revenues for the Maryland Veterans Trust Fund increase by as much as \$22,500 in FY 2021 and by as much as \$10,000 annually beginning in FY 2022 due to the additional fee, as discussed below; special fund expenditures may increase correspondingly. Transportation Trust Fund (TTF) revenues may also increase, as discussed below.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: The contribution of the U.S. Armed Forces is recognized through several provisions within the Maryland Vehicle Law. Specifically, Maryland has exemptions from registration fees for veterans with certain disabilities and vehicles owned by national veterans' organizations as well as special registration plates for honorably discharged veterans; recipients of individually earned, combat-related armed forces medals; and recipients of a U.S. Department of Defense Gold Star indicating status as a surviving spouse, parent, or next of kin of a member of the armed forces who lost his or her life in combat.

Special Registration Plates for Recipients of an Individually Earned, Combat-related, Armed Forces Medal

A recipient of an individually earned, combat-related armed services medal may apply to MVA for special registration plates for a Class A (passenger) vehicle, a Class E (truck) vehicle with one ton of capacity or less, a Class M (multipurpose) vehicle, or a Class D (motorcycle) vehicle. The applicant must provide proof of the receipt of the medal. The applicant must pay an additional fee for the registration plates. The registration plates must contain an emblem or logo that depicts the medal awarded and (except on plates issued for motorcycles) words describing the medal printed across the bottom of the plates.

The additional fee collected may not be credited to the Gasoline and Motor Vehicle Revenue Account; as such, it is not shared with local governments.

Maryland Veterans Trust Fund

Chapter 742 of 2009 established the Maryland Veterans Trust Fund, which consists of gifts, donations, and grants received by the Maryland Veterans Administration (MDVA). Additionally, the Comptroller must deposit 10% of the money that remains in the State Lottery Fund from the proceeds of ticket sales from instant ticket lottery machines by specified veterans' organizations into the fund. Money in the fund may be used to make grants and loans to veterans and their families and support public and private programs that serve veterans in the State. Money in the fund may also be used to invest in general obligations of the State or other securities and pay for the cost of administering the fund. Money expended from the fund is supplemental to and not intended to take the place of funding otherwise appropriated to MDVA.

State Fiscal Effect: As registration renewal fees are unaffected by the bill, the revenue stream for the Maryland Veterans Trust Fund is limited to newly issued special registration plates. MVA advises that it expects to distribute about \$22,500 in fiscal 2021 to the Maryland Veterans Trust Fund. In subsequent years, that amount is expected to total about \$10,000 annually. This estimate assumes MVA sets the additional fee at \$10 (the minimum amount required by the bill), which also reflects MVA being able to implement the bill with existing resources. MVA also assumes greater interest in the special registration plates during the first year of implementation; thus, revenues for that year are higher than in subsequent years.

MVA advises it cannot reliably determine the number of new plates to be issued in future years; nevertheless, MVA assumes 1,000 owners of newly registered vehicles are *eligible* for and *choose* to obtain a special registration plate each year. In addition, during the first year of implementation only, MVA assumes an *additional* 1,250 owners choose to obtain the plate. Thus, the Department of Legislative Services advises that special fund revenues

increase by *as much as* \$22,500 in fiscal 2021 and by \$10,000 annually thereafter; however, due to restrictions related to eligibility for the special registration plates and applicability to new registrations only, special fund revenues are likely to be lower in the out-years. Special fund expenditures for the Maryland Veterans Trust Fund may increase correspondingly.

Additional Comments: As noted above, the bill requires an additional fee of at least \$10 to be charged for all *three* categories of special registration plates under § 13-619.1 of the Transportation Article (recipients of individually earned, combat-related armed forces medals; honorably discharged veterans; and recipients of a U.S. Department of Defense Gold Star indicating status as a surviving spouse, parent, or next of kin of a member of the armed forces who lost his or her life in combat). The bill further specifies that the fee is to be distributed to the Maryland Veterans Trust Fund; however, under the bill, that fund is only authorized to accept the additional fee for special registration plates issued to recipients of an individually earned, combat-related armed forces medal. Thus, the estimate above reflects the receipt of additional revenues for that particular special registration plate only. An additional fee for the other two types of special registration plates would also be required to be paid under the bill, but MVA did not provide an estimate for the number of new registrations for those plates. Moreover, it is unclear where that additional fee revenue would be directed. Accordingly, TTF revenues are assumed to also increase beginning in fiscal 2021.

Additional Information

Prior Introductions: HB 773 of 2019, an identical bill as amended, passed the House and received a hearing in the Senate Judicial Proceedings Committee, but no further action was taken. HB 1265 of 2018, a bill with similar provisions, was withdrawn.

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Maryland Department of Veterans Affairs; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2020
mm/ljm Third Reader - March 12, 2020

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