

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 867

(Senator Zucker, *et al.*)

Judicial Proceedings

Environment and Transportation

Vehicle Laws – Special and Commemorative Registration Plate – Maryland
Heroes

This bill requires the Motor Vehicle Administration (MVA), in consultation with the Maryland Commission on African American History and Culture (MCAAHC), to design and issue a special registration plate (designated as the “Maryland Heroes Commemorative Registration Plate”). In addition to the annual registration fee otherwise required under State law, an owner must pay (1) an additional initial registration fee when the new plates are issued or (2) an additional renewal fee each time the plate is renewed. MVA must set the initial fee at a level enabling it to recover its costs; however, MVA is also authorized to set the initial fee at a level that is sufficient to result in a surplus after cost recovery. Surplus money – and all money collected for additional renewal fees – must be distributed to MCAAHC. No portion of the fees collected may be distributed to the Gasoline and Motor Vehicle Revenue Account. MVA must adopt regulations to carry out the bill.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures and revenues increase minimally beginning in FY 2024 to procure and produce the special registration plates and due to the one-time cost recovery fee established under the bill. Revenues for MCAAHC also increase beginning in FY 2024, under the assumptions discussed below.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: To be eligible to receive a specially designed registration plate, the vehicle for which the plate is to be affixed must be a Class A (passenger), Class E (truck with a rated capacity of one ton or less), Class E (farm truck), Class G (trailer), or Class M (multipurpose) vehicle.

MVA must consult with MCAAHC to establish a schedule under which MVA will transfer revenue collected on its behalf. The bill also clarifies that the owners of vehicles that are exempt from paying vehicle registration fees are exempt from the registration fees established by the bill.

The registration plate must be designed to (1) include the images of Harriet Tubman and Frederick Douglass and (2) adequately reflect the Maryland Heroes theme that the plate commemorates. MVA must also consult with MCAAHC with respect to the design of the registration plate.

Current Law: 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.

State Fiscal Effect: MVA advises that is unable to determine the exact number of vehicle owners who will obtain the special registration plate established by the bill. However, *for illustrative purposes only*, as shown in **Exhibit 1**, assuming that 1,000 owners of vehicles that are newly registered choose to obtain the special registration plate on an annual basis (with 750 doing so in fiscal 2024) and pay a \$10 additional fee to benefit MCAAHC, revenues for MCAAHC increase by \$20,000 in fiscal 2024 and by \$40,000 in fiscal 2028. Under this scenario, total revenues for MCAAHC over the five-year period are estimated at \$120,000.

TTF revenues and expenditures also increase under this scenario. MVA estimates the cost to produce each registration plate totals about \$10. The additional initial registration fee must be set at a level enabling cost recovery. Thus, under the above assumptions, TTF expenditures and revenues increase by \$20,000 in fiscal 2024 and by \$10,000 in subsequent years (reflecting 1,000 new registration plate issuances per year).

Exhibit 1
Special Registration Plate Revenue to Benefit the
Maryland Commission on African American History and Culture
Assuming 1,000 New Registrations Annually
Fiscal 2024-2028

Registrations for the New Plate

<u>Fiscal Year</u>	<u>Initial</u>	<u>Renewal</u>	<u>Total</u>	<u>Additional Fee</u>	<u>Total Revenue</u>
2024	2,000		2,000	\$10	\$20,000
2025	1,000		1,000	10	10,000
2026	1,000	2,000	3,000	10	30,000
2027	1,000	1,000	2,000	10	20,000
2028	1,000	3,000	4,000	10	40,000
Total					\$120,000

Note: “Initial” issuance in fiscal 2024 encompasses 750 new registrations as well as 1,250 registrations shifting to the newly available plate. Otherwise, the revenue projections assume issuance of 1,000 new registration plates annually, with issuance beginning October 1, 2023, and setting an additional fee that benefits Maryland Commission on African American History and Culture at \$10. That fee is also paid at renewal of the registration.

Source: Motor Vehicle Administration; Department of Legislative Services

Additional Comments: [MCAAHC](#) is committed to discovering, documenting, preserving, collecting, and promoting Maryland’s African American heritage. MCAAHC seeks to educate Maryland citizens and visitors about the significance of the African American experience in Maryland. MCAAHC provides technical assistance and resources to Maryland African American museums, universities, and heritage sites. The commission also operates the Banneker-Douglass Museum, the State’s official museum of Maryland African American history and culture. In addition, in partnership with Maryland Historical Trust, the commission operates the African American Heritage Preservation Program grant. Chapters 451 and 452 of 2022 established MCAAHC as an independent agency. Previously, MCAAHC was housed under the Governor’s Office on Community Initiatives.

The fiscal 2024 budget as introduced includes approximately \$1,609,000 in funding for MCAAHC (\$1,600,000 in general funds and \$9,000 in special funds).

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 652 (Delegate Boyce) - Environment and Transportation.

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

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