

**Department of Legislative Services**  
 Maryland General Assembly  
 2006 Session

**FISCAL AND POLICY NOTE**

House Bill 278 (Garrett, Allegany, and Washington County Delegations)  
 Environmental Matters

**Vehicle Laws - Registration Plates Honoring Mountain Maryland**

This bill requires the Motor Vehicle Administration (MVA) to develop a registration plate honoring the statewide significance of Mountain Maryland (Allegany and Garrett counties).

The bill takes effect July 1, 2006.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) revenues could increase by \$250,000 in FY 2007 and TTF expenditures could increase by \$143,400 in FY 2007. Potential additional increase in TTF expenditures in FY 2007 only for computer costs. Out-year expenditures reflect inflation and annualization.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
SF Revenue	\$250,000	\$125,000	\$125,000	\$125,000	\$125,000
SF Expenditure	143,400	27,200	27,600	28,200	28,700
Net Effect	\$106,600	\$97,800	\$97,400	\$96,800	\$96,300

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

**Local Effect:** Potential increase in revenues for local development organizations, as much as \$100,000 in FY 2007, through the disbursement of registration fee revenue. Revenues may increase by as much as \$150,000 beginning in FY 2009.

**Small Business Effect:** Potential increase in business assistance for small businesses in Allegany and Garrett counties through local development organizations.

## Analysis

**Bill Summary:** The bill directs the MVA to develop and make, in consultation with the Greater Allegany Business Foundation and the Garrett County Economic Development Corporation, a license plate designed to honor Western Maryland counties of Allegany and Garrett, known as Mountain Maryland.

In addition to the State motor vehicle registration fee, applicants for this plate must pay a one-time fee set by the MVA to recover its costs and an additional fee, also set by the MVA, to benefit the Greater Allegany Business Foundation and the Garrett County Economic Development Corporation. The additional fee must be paid when the plates are issued and every time they are renewed. None of the revenue from this fee may be credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA).

Fees paid by Allegany County residents must be distributed to the Greater Allegany Business Foundation; fees paid by Garrett County residents must be distributed to the Garrett County Economic Development Corporation; and fees paid by individuals who are not residents of Allegany or Garrett counties are to be split equally between the two organizations.

Vehicle owners and lessees (if the lease is not intended as a security), as well as a director, officer, employee, or partner of a business entity that owns an eligible vehicle, may apply to the MVA for a Mountain Maryland plate. The plate may be purchased for the following classes of vehicles:

- Class A (passenger);
- Class B (for hire);
- Class E (truck with a manufacturer's rated capacity of one ton or less);
- Class E (farm truck);
- Class G (trailer); and
- Class M (multipurpose).

The MVA must consult with the beneficiaries of the fee revenue regarding the plate's design and a schedule for transferring the revenue. It must also set the fee at a level intended to encourage the purchase of the plate, while providing a continuous revenue source to benefit the foundation and the corporation.

The bill directs the MVA to adopt regulations governing the issuance of Mountain Maryland plates.

**Current Law:** The MVA may issue special commemorative original or substitute registration plates for any geographical, historical, natural resource, or environmental commemoration of statewide significance. The plate can be issued for Class A (passenger), Class B (for hire), Class G (trailer), and Class M (multipurpose) vehicles. In addition to the annual registration fee otherwise required under this title, an owner of a vehicle assigned a commemorative registration plate under this section must pay an additional initial registration fee set by the administration when the new registration plates are issued to the vehicle or an additional renewal fee set by the MVA each time the plate is renewed. Similar provisions apply to the registration plate honoring Maryland agriculture, which benefits the Maryland Agricultural Education Foundation.

The MVA must set the additional initial registration fee at a level that will enable it to recover its costs. No portion of the additional initial registration or renewal fees may be credited to the GMVRA for distribution. Any surplus monies remaining after the MVA has recovered the costs of issuing a commemorative plate and monies collected for additional renewal fees may not be retained by or transferred to any State agency for any purpose. The MVA currently collects additional fees for issuance and renewal of plates that benefit the Chesapeake Bay Trust and the Maryland Agricultural Education Foundation.

Thirty percent of the registration fee revenue collected by the MVA is distributed to the local jurisdictions through GMVRA. However, revenues from special commemorative plates, including those honoring State agriculture and veterans, are often exempt from this requirement.

**Background:** The Greater Allegany Business Foundation is a private nonprofit organization that collaborates on economic development projects with the county. The Allegany County Department of Economic Development provides staff for the foundation. It provides consultation and business development and some direct financial assistance for marketing and computers. The Garrett County Economic Development Corporation is also a private, nonprofit corporation that assists the county with business development and provides low-interest loans to businesses for construction and capital costs.

**State Revenues:** TTF revenues could increase by approximately \$250,000 in fiscal 2007 and \$125,000 annually thereafter, assuming 10,000 plates are issued in fiscal 2007 and 5,000 plates annually thereafter. The MVA expects to charge a \$25 additional fee for new plates. Legislative Services advises that the organizations specified in the bill are likely to charge a \$10 additional fee at initial registration and at renewal, for a total of \$35 at the time of initial registration. None of the \$10 biennial renewal fee will be retained by the MVA.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
State (new issues only)	\$250,000	\$125,000	\$125,000	\$125,000	\$125,000
Local organizations (new issues and renewals starting in fiscal 2009)	\$100,000	\$50,000	\$150,000	\$100,000	\$1,000,000

**State Expenditures:** TTF expenditures would increase by approximately \$143,394 in fiscal 2007 to develop, manufacture, and issue the plate and to inform the public of its availability.

This estimate reflects the cost of hiring a part-time manager in fiscal 2007 only. It includes a salary, fringe benefits, and one-time start-up costs. Annual contractual assistance for sorting and mailing operations will be approximately \$10,000 annually. The estimate is based on the following assumptions:

- plate manufacturing will cost \$29,040, and plate design will cost an additional \$10,000;
- the cost of promoting the plate and altering renewal notices (through contractual services) will be \$70,576; and
- the MVA will issue 10,000 plates in fiscal 2007 and 5,000 plates annually thereafter.

Salary and Fringe Benefits	\$38,778
Operating Expenses	3,936
Contractual Costs (manufacturing/promotion)	<u>100,680</u>
<b>Total FY 2007 State Expenditures</b>	<b>\$143,394</b>

Future year expenditures reflect a 1% annual increase in ongoing operating expenses and the elimination of certain start-up costs, such as personnel and promotional materials. Legislative Services advises that the inclusion of a project manager reflects the MVA's experience with other popular commemorative plates that could not be issued in a timely manner because of staffing deficiencies.

The MVA advises that it needs two temporary clerical workers and a full-time customer service agent in fiscal 2007. However, Legislative Services advises that many vehicle owners may purchase the plate when their current ones expire rather than generating a new transaction.

The MVA also estimates that it will cost \$187,500 to make computer and web site programming changes. Legislative Services advises that if other legislation is passed that requires changes to the registration system, economies of scale could be realized and thus lower these programming costs.

**Local Effect:** Revenues could increase by as much as \$100,000 in fiscal 2007 for the local development organizations. Future year revenues would likely increase further due to renewals. The revenue impact for each organization will depend on the number of vehicle owners who renew the tag, as well as the number of residents in each county who purchase the plate, which cannot be reliably estimated at this time. At the end of fiscal 2005, there were 31,895 registered vehicles in Garrett County and 63,479 vehicles in Allegany County.

The Allegany County Department of Economic Development advises that the revenue would likely be used to assist Garrett and Allegany counties with marketing and development of business parks. All business parks in Allegany County are either county-owned or owned by the Greater Allegany Business Foundation.

**Additional Comments:** Legislative Services observes that as additional special plates are created and create more competition among vehicle owners, the sales for all special plates could diminish as a result.

---

### **Additional Information**

**Prior Introductions:** Two identical bills, SB 180 and HB 473 were introduced in 2004. SB 180 received an unfavorable report from the Senate Judicial Proceedings Committee, while HB 473 received an unfavorable report from the House Environmental Matters Committee.

**Cross File:** None.

**Information Source(s):** Allegany County, Maryland Department of Transportation, Department of Legislative Services.

**Fiscal Note History:** First Reader - February 5, 2006  
nas/ljm

---

Analysis by: Nora C. McArdle

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510