

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

House Bill 1258 (Delegate Vallario, *et al.*)
 Environmental Matters

Vehicle Laws - Crime Victims' Rights Commemorative Registration Plate

This bill requires the Motor Vehicle Administration (MVA) to develop a registration plate promoting awareness of and support for victims of crimes.

The bill takes effect July 1, 2006 and terminates on June 30, 2009.

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 the termination date of the Act.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
SF Revenue	\$250,000	\$125,000	\$125,000	\$0	\$0
SF Expenditure	143,400	27,200	27,600	0	0
Net Effect	\$106,600	\$97,800	\$97,400	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill directs the MVA to develop and manufacture the registration plate in consultation with the Maryland Crime Victims' Resource Center (MCVRC).

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 MCVRC. 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).

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 crime victim's 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 MCVRC 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 center. Disabled veterans are exempted from this fee.

The bill directs the MVA to adopt regulations governing the issuance of crime victims' plates. The plate must be available to the public as soon as possible, but no later than July 1, 2007.

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 the GMVRA. However, revenues from special commemorative plates, including those honoring State agriculture and veterans, are often exempt from this requirement.

Background: MCVRC is a nonprofit organization dedicated to serving the interests of crime victims in Maryland. It serves victims from two offices, one in Prince George’s County and one in Baltimore City, and offers counseling, support groups, court accompaniment, legal representation, criminal justice education, and advocates for policies to help crime victims in Maryland.

State Revenues: TTF revenues could increase by approximately \$250,000 in fiscal 2007 and \$125,000 in fiscal 2008 and 2009, assuming 10,000 plates are issued in fiscal 2007 and 5,000 plates in fiscal 2008 and 2009. The MVA advises that it will not continue to offer the plate after fiscal 2009 or offer registration renewals after fiscal 2009, although it is assumed that registrations and registration renewals in fiscal 2009 will be valid until expiration.

The MVA expects to charge a \$25 cost recovery fee for new plates. The MVA advises that it would cede its right to set the fee for MCVRC to the organization. Legislative Services advises that MCVRC is 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>
State (new issues only)	\$250,000	\$125,000	\$125,000
Maryland Crime Victims’ Resource Center (new issues and renewals starting in fiscal 2009)	\$100,000	\$50,000	\$150,000

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 in fiscal 2007, 2008, and 2009. 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 in fiscal 2008 and 2009.

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

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, and the termination date of the Act. 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.

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: None.

Cross File: SB 306 (Senator Stone, *et al.*) – Judicial Proceedings.

Information Source(s): Maryland Crime Victims' Resource Center, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2006
mll/ljm

Analysis by: Nora C. McArdle

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