

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 221

(Delegate Gaines, *et al.*)

Environmental Matters

Judicial Proceedings

Vehicle Laws - Motorcycles - Definition

This emergency bill alters the definition of motorcycle to mean a vehicle that • has motive power; • is designed to travel over 35 miles per hour on not more than three wheels in contact with the ground; • has a saddle or seat for a rider; and • complies with all motor vehicle safety standards that apply to motorcycles under federal law.

Fiscal Summary

State Effect: Transportation Trust Fund revenues would increase due to motor vehicle excise tax revenues and registration and titling fees from titling and registering vehicles with up to three wheels that would be classified as motorcycles under the bill. Potential increase in TTF revenues from individuals adding a Class M endorsement to their driver's license and/or taking the motorcycle safety class offered by the Motor Vehicle Administration. Foregone general fund revenues due to fewer sales subject to the sales and use tax. Any such effects are assumed to be minimal, at this time.

Local Effect: Local revenues would increase from an increase in titling tax revenues and registration fees distributed through the Gasoline and Motor Vehicle Revenue Account as highway user revenues.

Small Business Effect: None.

Analysis

Current Law: A motorcycle is defined as a self-propelled vehicle that has one front wheel and one rear wheel or two rear wheels on a single axle. If it is equipped with two

rear wheels, the rear tread width must not exceed 25 inches. A motorcycle also has a singular front steering road wheel mounted in a fork assembly that passes through a frame steering bearing to which is attached a handlebar or other directly operated steering device.

In addition, a motorcycle has a motor with a rating of more than 1.5 brake horsepower, a capacity of at least 49 cubic centimeters piston displacement, and a seat that is straddled by the driver, and except for a windshield or windscreen, does not have any enclosure or provision for an enclosure for the driver or any passenger.

A motorcycle must be registered as a Class D (motorcycle) vehicle. The registration fee for a Class D (motorcycle) is \$97 paid biennially.

A “motor scooter” is a two-wheeled nonpedal vehicle, equipped with a seat and a step-through chassis, with either a motor with a 2.7 brake horsepower rating or an engine of 50 ccs or less. A motor scooter is also equipped with an automatic transmission. A motor scooter may not be operated at a speed in excess of 30 miles per hour.

Vehicle excise (titling) tax revenue is split between the TTF (76%) and local governments (24%) through fiscal 2008. Beginning in fiscal 2009, additional revenue is retained in the TTF. Registration fee revenue is deposited into the GMVRA; 70% of the revenue is allocated to the TTF and the remainder is distributed to local governments as highway user revenues.

Background: The bill more closely conforms the definition of “motorcycle” to the definition found in federal law. Under the Code of Federal Regulations (49 CFR §571.3) motorcycle means a “motor vehicle with motive power having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground.” Standards relating to motorcycle vehicle safety are contained in 49 CFR §571 and address brakes, lamps, vehicle controls, and displays, among other things.

Although not as much of a mass-market vehicle as two-wheeled motorcycles, “trikes” have become popular. A trike is a three-wheeled motorcycle, customized from a two-wheeled motorcycle. Some individuals prefer trikes because a trike can have a trunk and has increased stability. In addition, it can be more comfortable for a passenger.

Recently, Piaggio, a motor scooter company, introduced the MP3 for sale in the United States. The MP3 is a vehicle that has two front wheels and one rear wheel. The MP3 has a 244.3 cc engine, and a maximum speed of 77 miles per hour. Because of its size, it would not qualify as a motor scooter but as a motorcycle.

State Fiscal Effect: It is unknown how many new motorcycles would be registered in Maryland due to the change in the definition. Piaggio MP3s are already on sale in the United States. Other manufacturers could also follow Piaggio's example and produce motor scooters and motorcycles with two front wheels or create another configuration that meets the definition of "motorcycle" as provided in the bill.

As motorcycles have to be registered, as of January 1, 2008, each new vehicle meeting the definition of motorcycle would be subject to the motor vehicle excise tax of 6%, the titling fee (\$50), and a registration fee of \$97. The Piaggio MP3 has a manufacturer's suggested retail price of \$6,999; the motor vehicle excise tax at that price is approximately \$420.

Accordingly, for every new Piaggio MP3 registered, TTF revenues would increase by \$567. As registration fees and motor vehicle excise tax revenues are split with local jurisdictions, the TTF would retain only a portion of this amount. Revenue generated by other motorcycles that deviate from the traditional two-wheeled motorcycle design would depend on the fair market value of the motorcycle.

Additional TTF revenue would be generated by registration renewals. The fee for registration renewal would be \$97 every two years.

In addition to these fees, MVA charges a \$20 lien fee for vehicles with a lien. MVA has indicated for other bills that approximately 10% of all vehicles are subject to a lien.

Vehicles that would be considered motorcycles under this bill would no longer be subject to the 6% State sales tax. Accordingly, for the Piaggio MP3, the foregone general fund revenues would be \$420 per vehicle through fiscal 2008. Thereafter, a portion of sales tax revenues is to be shared with the TTF anyway. The amount of foregone sales tax revenues for other motorcycles with two front wheels or another configuration that differs from what has been traditionally defined as a motorcycle would depend on the sales price of the vehicles.

MVA also advises that individuals seeking to register a new motorcycle would need to have a Class M motorcycle endorsement on their driver's license to operate it. It is not known how many individuals who would be purchasing a vehicle that meets the definition of motorcycle contained in this bill would already have an endorsement; accordingly, the magnitude of this effect cannot be reliably estimated.

To receive a Class M endorsement, an individual has to get a learner's permit (\$35 fee) and pass the requisite tests. Alternatively, an individual can take an MVA-approved motorcycle safety course. An individual taking that course would receive a certificate of

completion and would turn in the current license for one with an endorsement. MVA advises that this transaction costs \$30.

MVA offers the motorcycle safety course. The fee is \$175 for the basic rider course or the alternate basic rider course. Alternatively, other institutions such as community colleges and driving schools offer the course as well.

MVA advises that it does not anticipate additional transactions for motorcycle registrations to significantly increase its workload and that any increase in transactions would have minimal to no fiscal impact.

Local Fiscal Effect: For every new Piaggio MP3 registered, local highway user revenues would increase from motor vehicle excise taxes and registration fees. In addition, local highway user revenues would increase from titling and registration of other types of motorcycles that have up to three wheels and from registration renewals for those vehicles.

Additional Information

Prior Introductions: This bill is a reintroduction of SB 15/HB 46 of the 2007 special session. SB 15 was heard by the Senate Budget and Taxation Committee but received no further action. HB 46 was referred to the House Rules and Executive Nominations Committee but no further action was taken. This bill is similar to SB 1035/HB 1443 of 2007. SB 1035 was referred to the Senate Judicial Proceedings Committee but no further action was taken. HB 1443 was heard in the House Environmental Matters Committee but no further action was taken.

Cross File: SB 69 (Senator DeGrange, *et al.*) – Judicial Proceedings.

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