

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

Senate Bill 889 (Senators Stone and Della)

Judicial Proceedings

Vehicle Laws - Registration Fees - Senior Discount

This bill establishes that the annual registration fee for a passenger vehicle, multipurpose vehicle, or small truck (Classes A, M, and E) is \$17.50 if the vehicle is owned by an individual who is at least 70 years old at the time of registration and was driven 5,000 or fewer miles in the 12 months prior to registration. Except in the case of joint ownership of husband and wife, the discounted fee does not apply if a vehicle is jointly owned and one or more of its owners is under the age of 70.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would decrease by an estimated \$548,600 in FY 2001. Future years reflect annualization and assume a constant rate of vehicle registrations with owners over 70.

| (in dollars) | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| SF Revenues | (\$548,600) | (\$731,500) | (\$731,500) | (\$731,500) | (\$731,500) |
| SF Expenditures | - | 0 | 0 | 0 | 0 |
| Net Effect | (\$548,600) | (\$731,500) | (\$731,500) | (\$731,500) | (\$731,500) |

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

Local Effect: Revenues would decrease by an estimated \$235,100 in FY 2001 and \$313,500 in each year thereafter.

Small Business Effect: None.

Analysis

Current Law: The annual registration fees for the classes of vehicles specified by the bill are listed below.

| <u>Vehicle Class</u> | <u>Rate/Fee</u> |
|----------------------------------|---------------------|
| Class A (Passenger) | |
| 3,700 lbs or less | \$27.00 |
| Over 3,700 lbs | \$40.50 |
| Class E (Single Unit Trucks) | |
| < 3/4 ton capacity and 7,000 lbs | \$33.75 |
| > 3/4 ton capacity or 7,000 lbs | \$55.50/\$948.00 |
| Dump Truck | \$748.00/\$1,303.00 |
| Tow Truck | |
| 26,000 lbs or less | \$100.00 |
| Over 26,000 lbs | \$300.00 |
| Farm Truck > 3/4 ton | \$27.50/\$195.00 |
| Class M (Multipurpose) | |
| 3,700 lbs or less | \$27.00 |
| Over 3,700 lbs | \$40.50 |

State Revenues: There are an estimated 86,000 vehicles registered to licensed drivers in Maryland over the age of 70 and who drive less than 5,000 miles per year. Because of the biennial registration cycle, it is assumed that half of these vehicles, or 43,000, are registered in any given year. Annual revenues associated with these registrations are approximately \$2,550,000. Under the bill's provisions, annual revenues for such vehicle registrations would be \$1,505,000. The total loss of registration fee revenues would be \$1,045,000.

Revenue from the registration fee is credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA). The GMVRA is a shared revenue source, of which 70% is allocated to the TTF and 30% is allocated to the local jurisdictions. The annual revenue loss attributable to the TTF is \$731,500. The loss for fiscal 2001 is estimated at \$548,600 due to the effective date of the bill.

It is likely that at some point in the future, the overall driving population will age. To the extent that this occurs, the revenue losses will increase as more registrations would be eligible for the discount. The effect of this factor cannot be reliably estimated at this time.

State Expenditures: The MVA advises that computer programming expenditures could increase by an estimated \$50,000 to modify the computer programs to account for the new

fee and to recognize age and mileage as a factor in registrations. The Department of Legislative Services (DLS) advises that if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce computer programming costs associated with this bill and other legislation affecting the MVA system. Further, DLS advises that the increased computer expenditure is simply an estimate and the MVA may be able to handle the changes either with less money than it estimates or with existing resources.

Local Revenues: The GMVRA is distributed 70% to the TTF and 30% to local jurisdictions. The local distribution is split, with Baltimore City receiving the greater of \$157,500,000 or 11.5% and the remainder distributed to the 23 counties and then shared with municipal corporations within each county. It is assumed that this bill would result in a total loss to the jurisdictions of about \$313,500 annually. The loss for fiscal 2001 would be \$235,100 due to the effective date of the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation (Motor Vehicle Administration), Department of Legislative Services

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drg/jr

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