

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

Senate Bill 437

(Senator Hooper, *et al.*)

Judicial Proceedings

Vehicle Laws - Registration Fees - Senior Discount

This bill reduces the annual vehicle registration fee to \$10 for vehicle owners age 70 and over. The fee discount applies to passenger cars (Class A), motorcycles (Class D), multipurpose vehicles (Class M), and trucks (Class E). If one of the vehicle's owners is under age 70 at the time of registration, the discount does not apply.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would decrease by an estimated \$2.8 million in FY 2002 and \$3.7 million in the following years, assuming a constant rate of vehicle registrations with owners over age 70.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
SF Revenue	(\$2,800,500)	(\$3,700,000)	(\$3,700,000)	(\$3,700,000)	(\$3,700,000)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$2,800,500)	(\$3,700,000)	(\$3,700,000)	(\$3,700,000)	(\$3,700,000)

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

Local Effect: Revenues would decrease by approximately \$1.2 million in FY 2002 and \$1.6 million in each year thereafter.

Small Business Effect: None.

Analysis

Current Law: The law does not provide any discount of vehicle registration fees for senior citizens, though it does exempt disabled veterans and certain nonprofit

organizations, including fire departments and the American Red Cross. The annual registration fees for the classes of vehicles specified by the bill are listed below. The fees do not include the \$8 surcharge for all vehicle registrations that is collected by the Maryland Institute of Emergency Medical Services Systems. That surcharge would not be affected by the bill.

<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 D (Motorcycles)	\$18.50
Class E (Single Unit Trucks)	
< ¾ ton capacity and 7,000 lbs	\$33.75
> ¾ 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 > ¾ ton	\$27.50/\$195.00
Class M (Multipurpose)	
3,700 lbs or less	\$27.00
Over 3,700 lbs	\$40.50

Background: The only other jurisdiction that provides a similar discount is the U.S. Virgin Islands, which provides a 50% discount on registration, title, and drivers' license fees for senior citizens (aged 60 and older) and disabled persons.

State Revenues: Approximately 286,800 vehicles in Classes A, D, M, and E are registered to owners age 70 and over. Because there is a biennial registration cycle, it is assumed that half of these vehicles are registered in any given year and generate approximately \$8,168,00 in annual revenue. Under the bill, annual revenues would be \$2,868,000. The total loss of registration fee revenue would be \$5,300,000. The State's share of the revenue loss in fiscal 2002 would be approximately \$2,800,500 and \$3.7 million in the following years.

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 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 with either less money than it estimates or with existing resources.

Local Revenues: The Gasoline and Motor Vehicle Revenue Account 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 \$1,590,000 annually. The loss for fiscal 2002 would be \$1,192,000 due to the October 1 effective date.

Additional Information

Prior Introductions: A substantially similar bill was introduced as SB 14 in the 2000 session and received an unfavorable report from the Judicial Proceedings Committee.

Cross File: None.

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

Fiscal Note History: First Reader – February 9, 2001
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