

**Department of Legislative Services**  
 Maryland General Assembly  
 2002 Session

**FISCAL NOTE**

Senate Bill 78 (Senator Hooper)  
 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 with one ton or less rated capacity (Class E). If the vehicle is jointly owned and 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 \$2.6 million in FY 2003 and \$3.5 million in future years, assuming a constant rate of vehicle registrations with owners over age 70. Potential increase in TTF expenditures due to computer programming costs.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
SF Revenue	(\$2,600,200)	(\$3,500,200)	(\$3,500,200)	(\$3,500,200)	(\$3,500,200)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$2,600,200)	(\$3,500,200)	(\$3,500,200)	(\$3,500,200)	(\$3,500,200)

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

**Local Effect:** Revenues would decrease by \$1.1 million in FY 2003 and \$1.5 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 their widows) 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 \$11 surcharge for all vehicle registrations that is collected by the Maryland Institute of Emergency Medical Services Systems for Medevac services. That surcharge would not be affected by the bill.

Vehicle Class	Rate/Fee
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
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 jurisdictions that provide a similar discount (according to the National Conference of State Legislatures) are the U.S. Virgin Islands, Illinois, and Pennsylvania. The U.S. Virgin Islands provides a 50% discount on registration, title, and drivers' license fees for senior citizens (aged 60 and older) and disabled persons. In 1986, Illinois enacted a 50% registration discount for vehicle owners who were eligible for State property tax relief and pharmaceutical assistance -- the discount was reduced in 2001. The Commonwealth of Pennsylvania exempts from registration fees (except a \$10 processing fee) any retiree receiving Social Security or other pension and whose total income does not exceed \$19,200.

**State Revenues:** Approximately 257,280 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 \$7,613,105 in annual revenue. The bill would reduce total annual revenue by \$5,040,305 so that annual revenues would be \$2,572,800. The State's share of the revenue loss in fiscal 2003 would be \$2,646,160 and \$3.5 million in the following years.

**State Expenditures:** The Motor Vehicle Administration (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 -- Baltimore City receives the greater of \$157.5 million or 11.5% and the remainder is distributed to the 23 counties and shared with municipal corporations within the county. It is assumed that this bill would result in a total loss to the jurisdictions of about \$1.5 million annually.

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### **Additional Information**

**Prior Introductions:** An identical bill was introduced as SB 437 in the 2001 session. The Judicial Proceedings Committee gave it a favorable report with amendments; it was re-referred to the Budget and Taxation Committee, which gave it an unfavorable report. A similar bill was introduced as SB 14 in the 2000 session that would provide a discounted fee for vehicle owners aged 65 and over -- it was given an unfavorable report by the Judicial Proceedings Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 6, 2002  
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