

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

Senate Bill 149 (Senator Hooper, *et al.*)
 Judicial Proceedings

Vehicle Laws - Registration - Members of the Military

This bill exempts a vehicle from State motor vehicle registration if it is not driven on a highway and is owned by a member of the U.S. armed forces or Maryland National Guard who is on active duty outside the U.S. or has returned from active duty outside the U.S. within the previous 30 days. It also exempts a member of the U.S. armed forces or Maryland National Guard, for two years, from registration fees for a vehicle the member personally owns or uses following the member's return from active duty outside the U.S.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues will decrease by \$134,300 in FY 2005 and \$179,100 annually. Special fund revenues for the Maryland Institute of Emergency Medical Services System (MIEMSS) would decline by \$49,000 in FY 2005 and \$65,300 annually. Potential increase in TTF expenditures for computer programming costs in FY 2005 only.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
SF Revenue	(\$183,300)	(\$244,300)	(\$244,300)	(\$244,300)	(\$244,300)
SF Expenditure	-	-	-	-	-
Net Effect	(\$183,300)	(\$244,300)	(\$244,300)	(\$244,300)	(\$244,300)

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

Local Effect: Local government revenue from the Gasoline and Motor Vehicle Revenue Account (GMVRA) will decrease by \$57,600 in FY 2005 and \$76,700 thereafter.

Small Business Effect: None.

Analysis

Current Law: The law does not exempt any members of the military from the vehicle registration fee. It does exempt disabled veterans (and their widows) and certain nonprofit organizations, including fire departments, veterans' organizations, and the American Red Cross. Those who are exempt do not pay the \$13.50 registration surcharge that is collected for MIEMSS and other related emergency uses such as the Maryland Fire and Rescue Institute. The annual registration fees for certain classes of vehicles are listed below (surcharge excluded).

<u>Class</u>	<u>Description</u>	<u>Annual Fee</u>
A	Passenger Cars (shipping weight up to 3,700 lbs.)	\$27.00
A	Passenger Cars (shipping weight over 3,700 lbs.)	40.50
M	Multi-purpose Vehicle (Shipping weight up to 3,700 lbs.)	27.00
M	Multi-purpose Vehicle (shipping weight over 3,700 lbs.)	40.50
D	Motorcycles, Motor Scooters, and Motor Bicycles	18.50
L	Historic Vehicles	13.50
N	Street Rod Vehicles	13.50
E	Trucks (3/4 ton or 7,000 lbs. or less)	33.75

A separate class of vehicles are exempt from any registration requirement, including farm tractors, snowmobiles, certain trailers and semitrailers, and those owned by the U.S., a diplomatic or consular officer of a foreign government, and a member of Congress not elected in Maryland.

Background: A few states, including Montana, Minnesota, Iowa, and West Virginia, allow active duty military members an exemption from the vehicle registration fee, subject to some limits. For example, Minnesota allows an exemption if the person is engaged in active service during a war or other emergency. Montana exempts active military members who are stationed outside the state and West Virginia exempts residents who were on active duty for nine months following their return.

There are several federal military installations in Maryland whose personnel may be eligible for the exemption provided under the bill: Fort Detrick, the Aberdeen Proving Ground (including the Adelphi Army Research Laboratory), Fort Meade, the U.S. Naval Academy (including the Annapolis Naval Station), the Naval Surface Warfare Center (Indian Head and Carderock), the Patuxent River Naval Air Station, and the National Naval Medical Center.

State Revenues: TTF revenues would decline by \$134,310 in fiscal 2005, accounting for the October 1, 2004 effective date, and \$179,081 annually thereafter. This estimate assumes a two-year registration fee exemption for approximately 4,834 active military residents, based on Maryland's share (1.89%) of the total number of active duty personnel. It also assumes the following:

- 76% of eligible residents (3,674) will own a vehicle weighing less than 3,700 pounds and will be exempt from a \$54 biennial registration fee, and 24% (1,160) will be exempt for a \$81 biennial fee for vehicles that weigh over 3,700 pounds;
- 75% of these residents will own two vehicles, and 15% will own one vehicle. Maryland residents own, on average, two vehicles; and
- half of all active duty personnel (2,417) will renew their registration each year.

Military personnel who are exempt from the registration fee will also be exempt from the \$27 fee paid at the time of registration that is distributed to the Maryland Emergency Medical System Operation Fund. Consequently, the fund will experience a \$48,951 decline in fiscal 2005 and \$65,259 decline annually.

The Department of Legislative Services cautions that activation of military personnel and reservists can vary considerably from year to year depending upon global situations. The impact on TTF and MIEMSS revenues will fluctuate accordingly.

Local Revenues: Local government revenues, as a share of GMVRA, will decline by \$57,561 in fiscal 2005 and \$76,749 annually thereafter.

Additional Information

Prior Introductions: In 2003, the Environmental Matters Committee considered a bill (HB 173) that would have exempted members of the Maryland National Guard from the registration fee (one vehicle per member) and gave it an unfavorable report.

Cross File: None.

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

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