

Department of Legislative Services  
 Maryland General Assembly  
 2005 Session

FISCAL AND POLICY NOTE

Senate Bill 201 (Senator Stone, *et al.*)  
 Judicial Proceedings

Vehicle Laws - Registration Fees - Discount for Seniors and Individuals with Disabilities

This bill reduces by 50% the renewal registration fee on vehicles driven 5,000 miles per year or less whose owner(s) are either at least 70 years old or certified as disabled under the Transportation Article.

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) revenues would decrease by \$2.5 million in FY 2006 due to reducing registration fees by one-half for qualified vehicles. Future year revenue reductions reflect the biennial renewal of automobile registrations. The Motor Vehicle Administration advises that the computer reprogramming required by the bill could be handled with existing resources.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	(\$2,476,400)	(\$3,418,800)	(\$3,301,900)	(\$3,418,800)	(\$3,301,900)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$2,476,400)	(\$3,418,800)	(\$3,301,900)	(\$3,418,800)	(\$3,301,900)

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

**Local Effect:** Local government revenues would decrease by \$742,924 in FY 2006, \$1,025,640 in FY 2007 and 2009, and \$990,565 in FY 2008 and 2010 due to a decrease in Gasoline and Motor Vehicle Revenue Account (GMVRA) revenues distributed to local governments as highway user revenues.

**Small Business Effect:** None.

## Analysis

**Current Law:** The State exempts from registration fees some vehicles such as government vehicles; vehicles owned by certain disabled veterans or certain surviving spouses of disabled veterans; and vehicles used by volunteer fire departments, the Civil Air Patrol, or the American Red Cross. The State also exempts individuals 70 and older and disabled individuals who drive less than 5,000 miles per year from the Vehicle Emissions Inspection Program (VEIP).

**Background:** Most neighboring states (Delaware, Virginia, and West Virginia) do not offer a discount on registration fees for seniors or individuals with disabilities. However, Pennsylvania offers a registration fee discount of \$10 for individuals whose income is less than \$19,200 and who are retired or disabled. Other states also provide discounts. For example, South Carolina offers a discount to individuals 64 and older. Alaska exempts individuals 65 and older from vehicle registration fees. Numerous townships across the United States offer rebates on local registration fees and taxes for senior citizens or persons with disabilities.

**State Revenues:** The State exempts from VEIP biennial inspections the same population as would be affected by this bill. In fiscal 2003, 66,057 such vehicles were exempt from VEIP. In fiscal 2004, 63,797 such vehicles were exempt. In the first two years of ownership, new vehicles are also exempt from VEIP; however, the number of new vehicles driven 5,000 miles or less per year and whose owners are at least 70 or certified as disabled is assumed to be minimal.

Although VEIP inspection and registration renewal do not necessarily coincide, using the VEIP exemptions as a proxy, 66,057 vehicles would be due for renewal in fiscal 2007 and 2009, and 63,797 vehicles would be due for renewal in fiscal 2006, 2008, and 2010.

Accordingly, State revenues would decrease by \$2,476,413 in fiscal 2006 from the discounted registration fees. This takes into account the October 1, 2005 effective date of the bill. Revenues would decrease by \$3,418,800 in fiscal 2007 and 2009, and by \$3,301,885 in fiscal 2008 and 2010.

The TTF would lose the 70% of registration fees retained annually. This would result in a loss of revenues retained by the TTF of \$1,733,489 in fiscal 2006, \$2,393,160 in fiscal 2007 and 2009, and \$2,311,319 in fiscal 2008 and 2010.

**Local Revenues:** A discounted renewal registration fee would reduce local highway user revenues from the GMVRA by \$742,924 in fiscal 2006, \$1,025,640 in fiscal 2007 and 2009, and \$990,565 in fiscal 2008 and 2010.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 58 (Delegate Weir) – Environmental Matters.

**Information Source(s):** Maryland Department of Transportation, Pennsylvania Department of Motor Vehicles, Delaware Division of Motor Vehicles, West Virginia Department of Motor Vehicles, Virginia Department of Motor Vehicles, Alaska Department of Motor Vehicles, South Carolina Department of Motor Vehicles, Department of Legislative Services

**Fiscal Note History:** First Reader - January 27, 2005  
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Analysis by: Nora McArdle

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510