

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 624 (Delegate Trueschler, *et al.*)
 Environmental Matters

Vehicle Laws - Vehicle Registration Fees - Discount for Seniors

This bill reduces the annual registration fees for Class A passenger vehicles whose owners are at least 65 years of age. For such vehicles which have a manufacturer's shipping weight of 3,700 pounds or less, the annual registration fee is \$27.00. For such vehicles which have a manufacturer's shipping weight of more than 3,700 pounds, the annual registration fee is \$40.50. The bill returns annual registration fees to pre-fiscal 2005 levels for these vehicles.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would decrease by \$9,198,600 in FY 2006 due to reducing registration fees for qualified vehicles. Future year reductions reflect the biennial renewal of automobile registrations. TTF expenditures could increase in FY 2006 only for computer reprogramming costs.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	(\$9,198,600)	(\$9,198,500)	(\$9,198,600)	(\$9,198,500)	(\$9,198,600)
SF Expenditure	-	0	0	0	0
Net Effect	(\$9,198,600)	(\$9,198,500)	(\$9,198,600)	(\$9,198,500)	(\$9,198,600)

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

Local Effect: Local government revenues would decrease by \$2,759,600 annually 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 annual registration fee for Class A passenger vehicles with a manufacturer's shipping weight of 3,700 pounds or less is \$50.50. The registration fee for Class A passenger vehicles with a manufacturer's shipping weight of over 3,700 pounds is \$76.50. These fees were increased from \$27.00 and \$40.50, respectively by Chapter 9 of 2004. However, registration fees are paid on a biennial basis.

Background: Most neighboring states (Delaware, Virginia, and West Virginia) do not offer a discount on registration fees for seniors. 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 and Alaska exempt 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.

In 2011, the first of the "baby boomer" generation will begin to turn 65 and qualify for this discount. Baby boomers comprise the 75.8 million people born from 1946 to 1964. According to the U.S. Census Bureau, in 2000, baby boomers accounted for 31.6% of Maryland's population. According to the Department of Aging, 2011 therefore signals the start of a demographic shift which will see the number of Marylanders over the age of 60 accounting for 23% of the State's population by the year 2030.

State Revenues: The Motor Vehicle Administration (MVA) advises that as of March 16, 2004, there were 379,165 Class A passenger vehicles registered to owners 65 and older. The MVA estimates that approximately 93.92% of those vehicles have a manufacturer's shipping weight of 3,700 pounds or less, and 6.08% weigh over 3,700 pounds.

Assuming that the number of class A passenger vehicles registered to vehicle owners 65 and older remains constant and that one-half renew registration in fiscal 2006 and the other half do so in fiscal 2007, TTF revenues would decrease by \$9,198,576 in fiscal 2006 due to the decreased registration fees. Revenues would decrease by \$9,198,529 in fiscal 2007 and 2009, and by \$9,198,576 in fiscal 2008 and 2010, due to the biennial renewal of vehicle registrations.

The TTF would lose the 70% of registration fees retained annually. This would result in a loss of revenues retained by the TTF of \$6,439,003 in fiscal 2006, 2008, and 2010, and by \$6,438,970 in fiscal 2007 and 2009.

State Expenditures: TTF expenditures could increase by \$60,000 in fiscal 2006 for computer reprogramming costs. Legislative Services advises that, if other legislation is passed requiring computer programming changes, economies of scale could be realized and lower these reprogramming costs for the MVA system.

Local Revenues: A discounted renewal registration fee would reduce local highway user revenues from the GMVRA by \$2,759,573 in fiscal 2006, 2008 and 2010, and by \$2,759,559 in fiscal 2007 and 2009.

Additional Information

Prior Introductions: None.

Cross File: SB 235 (Senator Brochin, *et al.*) – Judicial Proceedings.

Information Source(s): Maryland Department of Transportation, Pennsylvania Department of Motor Vehicles, Delaware Division of Motor Vehicles, West Virginia Department of Motor Vehicles, Alaska Department of Motor Vehicles, South Carolina Department of Motor Vehicles, U.S. Bureau of the Census, Department of Legislative Services

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