

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

Senate Bill 604 (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 would decrease by \$148,900 in FY 2006 and \$397,200 annually thereafter. Special fund revenues for the Maryland Emergency Medical System Operation Fund (MEMSOF) would decline by \$35,400 in FY 2006 and \$94,500 annually thereafter. Potential increase in TTF expenditures for computer programming costs in FY 2006 only.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	(\$184,400)	(\$491,700)	(\$491,700)	(\$491,700)	(\$491,700)
SF Expenditure	-	0	0	0	0
Net Effect	(\$184,400)	(\$491,700)	(\$491,700)	(\$491,700)	(\$491,700)

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

Local Effect: Local government revenue distributed from the Gasoline and Motor Vehicle Revenue Account (GMVRA) as highway user revenues would decrease by \$44,700 in FY 2006 and \$119,200 annually 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 credited to MEMSOF for the Maryland Institute for Emergency Medical Services Systems 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); however, registration fees are collected biennially.

<u>Class</u>	<u>Description</u>	<u>Annual Fee</u>
A	Passenger Cars (shipping weight up to 3,700 lbs.)	\$50.50
A	Passenger Cars (shipping weight over 3,700 lbs.)	76.50
M	Multi-purpose Vehicle (shipping weight up to 3,700 lbs.)	50.50
M	Multi-purpose Vehicle (shipping weight over 3,700 lbs.)	76.50
D	Motorcycles, Motor Scooters, and Motor Bicycles	35.00
L	Historic Vehicles	25.50
N	Street Rod Vehicles	25.00
E	Trucks (3/4 ton or 7,000 lbs. or less)	63.75

A separate class of vehicles is 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 \$148,943 in fiscal 2006, accounting for the October 1, 2005 effective date, and \$397,180 annually thereafter. This estimate assumes a two-year registration fee exemption for approximately 2,000 active military residents, based on Maryland's share (1.89%) of the total number of active duty personnel and the Department of Veterans Affairs' estimate that approximately 2,000 active duty personnel serving overseas would return annually. It also assumes the following:

- 75% of these residents own two vehicles, and 25% own one vehicle; Maryland residents own, on average, two vehicles;
- 76% of eligible residents (1,330) own a vehicle weighing less than 3,700 pounds and would be exempt from a \$101 biennial registration fee, and 24% (420) would be exempt from a \$153 biennial registration fee for vehicles that weigh over 3,700 pounds; and
- half of all returning active duty personnel (1,000) would renew their registration the year they return, and half would renew their registration the next year.

Military personnel who would be exempt from the registration fee would also be exempt from the \$27 surcharge paid at the time of registration that is credited to MEMSOF. Consequently, assuming that the fee stays the same, that fund would experience a \$35,438 decline in fiscal 2006 and \$94,500 decline annually thereafter.

The TTF retains 70% of registration fees. The share of revenues retained by the TTF would decrease by \$104,260 in fiscal 2006 and by \$278,026 annually thereafter. The Department of Legislative Services cautions that activation of military personnel and reservists could vary considerably from year to year depending upon global situations. The impact on TTF and MEMSOF revenues would fluctuate accordingly.

This estimate does not take into account vehicles owned by military personnel currently overseas. Data on the number of vehicles owned by military personnel currently overseas that are not driven on the highway is not readily available.

State Expenditures: The MVA advises that computer reprogramming costs would total \$67,500. 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 Effect: Local revenue distributed from the GMVRA as highway user revenues would decrease by \$44,683 in fiscal 2006 and by \$119,154 annually thereafter.

Additional Information

Prior Introductions: An identical bill was introduced as SB 149 in the 2004 session and was heard by the Senate Judicial Proceedings Committee, but no further action was taken. In 2003, the House 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): Department of Veterans Affairs, Maryland Department of Transportation, Department of Legislative Services

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mam/ljm

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