

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

Senate Bill 318 (Senator Garagiola, *et al.*)
 Judicial Proceedings

Vehicle Laws - Driver's License Fees - Military Exemption

This bill exempts certain members and veterans of the National Guard or the Armed Forces Reserves, as well as certain veterans of the Armed Forces, from driver's license fees.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would decrease by \$2,160,900 in FY 2006, reflecting the decrease in driver's license renewal fees. Future year decreases reflect the decreasing population of veterans in the State. TTF expenditures would increase by \$1,700 in FY 2006 only to inform persons about the new exemptions for qualified veterans.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	(\$2,160,900)	(\$2,833,200)	(\$2,779,200)	(\$2,725,200)	(\$2,671,200)
SF Expenditure	1,700	0	0	0	0
Net Effect	(\$2,162,600)	(\$2,833,200)	(\$2,779,200)	(\$2,725,200)	(\$2,671,200)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Motor Vehicle Administration (MVA) may not charge fees to issue or renew driver's licenses to veterans of the U.S. Armed Forces or the U.S. Armed Forces Reserves who:

- either resided in the State at the time they entered the Armed Forces or the reserves, or have been a resident of the State for at least five years immediately preceding the date of application for a license;
- served on active duty during wartime or a conflict where troops were committed by the President of the United States; and
- were honorably discharged or separated from the service.

The MVA cannot charge driver's license fees if the applicant has at least 20 years of creditable service as a member or former member of either the National Guard or the reserve component of the Armed Forces of the United States.

Current Law: When an applicant applies for an initial driver's license, a renewal, or a learner's instructional permit or applies to convert a provisional license to a driver's license or for a class of license other than that the applicant holds, the applicant must pay the MVA a license fee. The MVA can charge a missed appointment fee if an appointment to take a driver's license test is not kept. The current license fee is \$45 for a new license and \$30 for a renewal.

Background: This bill is modeled after a Georgia law that exempts certain veterans of the Armed Forces and certain veterans and active duty members of the National Guard and the Armed Forces Reserves from driver's license fees.

At least 28 states have some kind of exemption from motor vehicle registration fees or driver's license fees for veterans. Most states which give exemptions for veterans limit exemptions to those who either have a service-related disability or were prisoners of war. For example:

- New Hampshire does not charge driver's license fees to veterans who have received a car from the federal government because of disability;
- Ohio offers veterans who have been certified as having a 100% service disability an exemption from licensing and permitting fees;
- Texas waives driver's license fees and license plate fees for veterans with a service-related disability of 50% or greater, unless the veteran has been convicted of certain sex crimes; and
- California waives registration fees on passenger motor vehicles, motorcycles, and commercial motor vehicles weighing less than 8,001 pounds for former prisoners of war, Congressional Medal of Honor recipients, and veterans who as a result of their military service have a 100% disability or lost a limb, were permanently blind, or cannot move without the aid of an assistive device.

State Revenues: TTF revenues could decrease by \$2,160,900 in fiscal 2006 due to decreased collection of driver's license fees. It is likely that most transactions subject to the bill would be renewals. Driver's license renewals are issued on a five-year basis, and a veteran moving into the State would be applying for a new license and would not be eligible for the exemption. Although there is no residency requirement for National Guard members, it is assumed that most licenses issued to such members would be renewals. The current fee for a renewal is \$30.

The U.S. Department of Veterans Affairs projects that, as of September 30, 2005, the veterans population in the State will be 479,000. This takes into consideration veterans of all wars, including the current conflicts in Afghanistan and Iraq, but does not take into account the current members of the National Guard who are eligible for the exemption. The Military Department estimates that approximately 1,200 members of the National Guard are currently eligible for this exemption.

Using the total population of veterans and National Guard members eligible, and assuming that one-fifth of this total population would renew their driver's license each year, revenues would decrease as shown in **Exhibit 1**. The revenue loss for fiscal 2006 takes into account the October 1 effective date of the bill.

Exhibit 1
Revenue Loss under the Bill

<u>Fiscal Year</u>	<u>Predicted Veteran Population at Beginning of Fiscal Year</u>	<u>National Guard Members</u>	<u>Total Eligible Population Renewing</u>	<u>Revenue Decrease</u>
2006	479,000	1,200	72,030	\$2,160,900
2007	471,000	1,200	94,440	\$2,833,200
2008	462,000	1,200	92,640	\$2,779,200
2009	453,000	1,200	90,840	\$2,725,200
2010	444,000	1,200	89,040	\$2,671,200

Source: U.S. Department of Veterans Affairs, Military Department, Department of Legislative Services

Some veterans would not be eligible for the exemption – not having been honorably separated from the Armed Services, Armed Services reserves, or the National Guard, or not meeting the five-year residency requirement; however, the effect that this will have on revenues cannot be reliably estimated at this time.

State Expenditures: State expenditures would increase by \$1,728 in fiscal 2006 only, reflecting the cost of developing and manufacturing a brochure explaining the new exemption.

The MVA estimates that it will cost \$15,000 to make internal computer programming changes. 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.

Additional Information

Prior Introductions: None.

Cross File: HB 39 (Delegate Cadden) – Environmental Matters.

Information Source(s): Military Department, Department of Veterans Affairs, Maryland Department of Transportation, Florida Statutes, Ohio Legislative Service Commission, New Hampshire Statutes, Texas Office of the Governor, West's Codes of Georgia Annotated, National Association of State Directors of Veterans Affairs, U.S. Department of Veteran's Affairs, Department of Legislative Services

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