

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

Senate Bill 139 (Senator Brochin, *et al.*)
 Judicial Proceedings

Vehicle Laws - Vehicle Registration Fees - Discount for Seniors

This bill reduces the annual registration fees for Class A (passenger), Class M (multipurpose), and Class E (truck) vehicles whose owners are at least 65 years of age. The bill returns annual registration fees to pre-fiscal 2005 levels for these vehicles.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would decrease by \$15.3 million annually beginning in FY 2007 due to reduced registration fees for qualified vehicles. The State’s share of the loss would be \$10.8 million. Future year reductions reflect a 1% annual increase in the number of registrations. TTF expenditures could increase in FY 2007 only for computer reprogramming costs.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
SF Revenue	(\$15,357,600)	(\$15,511,200)	(\$15,666,300)	(\$15,822,900)	(\$15,981,200)
SF Expenditure	-	0	0	0	0
Net Effect	(\$15,357,600)	(\$15,511,200)	(\$15,666,300)	(\$15,822,900)	(\$15,981,200)

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

Local Effect: Local government revenues would decrease by \$4.6 million in FY 2007 in Gasoline and Motor Vehicle Revenue Account (GMVRA) revenues distributed to local governments as highway user revenues. Future year reductions reflect a 1% increase annually in the number of registrations.

Small Business Effect: None.

Analysis

Bill Summary: For Class A (passenger) and Class M (multipurpose) 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. For Class E (truck) vehicles, with a manufacturer's rated capacity of $\frac{3}{4}$ of a ton or less, and which weigh 7,000 pounds or less, the annual registration fee is \$33.75.

Current Law: The annual registration fee for Class A (passenger) and Class M (multipurpose) vehicles with a manufacturer's shipping weight of 3,700 pounds or less is \$50.50. The registration fee for Class A (passenger) and Class M (multipurpose) vehicles with a manufacturer's shipping weight of over 3,700 pounds is \$76.50. The registration fee for Class E (truck) vehicles with a manufacturer's rated capacity of $\frac{3}{4}$ ton or less, and a maximum gross vehicle weight of 7,000 or less is \$63.75. These fees were increased from \$27.00, \$40.50, and \$33.75, respectively by Chapter 9 of 2004.

Registration fees are paid on a biennial basis. Registration fee revenue is deposited into the GMVRA in the TTF – 70% is retained in the TTF and local jurisdictions receive the remainder as highway user revenue.

Background: Most neighboring states (Delaware, Virginia, and West Virginia) do not offer a discount on registration fees for seniors. 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 U.S. 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. Although the impact in 2011 will be limited, according to the Department of Aging, 2011 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 January 20, 2006, there were 565,030 eligible Class A, Class M, and Class E vehicles registered to individuals who are at least 65 years of age.

- 338,147 Class A vehicles weighing 3,700 pounds or less;

- 53,837 Class A vehicles weighing over 3,700 pounds;
- 25,882 Class M vehicles weighing 3,700 pounds or less;
- 74,785 Class M vehicles weighing over 3,700 pounds; and
- 72,309 eligible Class E vehicles.

Assuming that the number of eligible class A (passenger), Class M (multipurpose), and Class E (truck) vehicles registered to vehicle owners 65 and older grows at the rate of 1% a year, and that one-half of all eligible owners renew registration in fiscal 2007 and the other half do so in fiscal 2008, TTF revenues would decrease by \$15.4 million in fiscal 2007 and \$15.5 million in fiscal 2008.

The TTF would lose the 70% of registration fees retained annually. This would result in a loss of revenues retained by the TTF of \$10.8 million in fiscal 2007, \$10.9 million in fiscal 2008, \$11 million in fiscal 2009, \$11.1 million in fiscal 2010, and \$11.2 million in 2011.

State Expenditures: TTF expenditures could increase by \$157,500 in fiscal 2007 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 \$4.6 million in fiscal 2007, \$4.7 million in fiscal 2008, fiscal 2009, and fiscal 2010, and \$4.8 million in fiscal 2011.

Additional Information

Prior Introductions: Similar bills, HB 624 and SB 235, were introduced in the 2005 session, but would have limited the reduced registration fees to Class A (passenger) vehicles. HB 624 received an unfavorable report from the House Environmental Matters Committee. SB 235 received an unfavorable report from the Senate Judicial Proceedings Committee.

Cross File: None.

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

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