

Department of Legislative Services
 Maryland General Assembly
 2011 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 497

(Senator Glassman)

Judicial Proceedings

Environmental Matters

**Vehicle Laws - Registration Classifications - Class G Farm or Livestock Trailer or
 Semitrailer**

This bill expands the current “farm trailer or semitrailer” vehicle registration classification to include Class G (trailer) vehicles used to transport livestock. The new “farm or livestock trailer or semitrailer” registration must be issued to, in addition to a farmer, an applicant that is an agricultural producer or a livestock exhibitor who specifies the use of the trailer or semitrailer that is to be registered. A farm or livestock trailer or semitrailer is subject to the same restrictions as farm trailers under current law. The bill also reduces annual registration fees for specified farm or livestock trailer or semitrailer weight classes and eliminates one weight class.

Fiscal Summary

State Effect: Gasoline and Motor Vehicle Revenue Account (GMVRA) revenues distributed to the Transportation Trust Fund (TTF) and general fund decrease by at least \$18,300 in FY 2012, which reflects the October 1, 2011 effective date, and by at least \$25,000 annually from the collection of lower vehicle registration fees for farm trailers and semitrailers. This estimate does not account for the revenue loss due to lower fees for livestock trailer and semitrailer registration, which cannot be reliably estimated at this time. Motor Vehicle Administration (MVA) operations and expenditures are minimally affected due to reprinting and reprogramming needs and to otherwise implement the bill.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
GF Revenue	(\$3,700)	(\$4,800)	(\$4,800)	(\$4,800)	(\$4,900)
SF Revenue	(\$14,600)	(\$17,600)	(\$17,800)	(\$18,000)	(\$18,100)
Expenditure	0	0	0	0	0
Net Effect	(\$18,300)	(\$22,400)	(\$22,600)	(\$22,800)	(\$23,000)

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

Local Effect: Minimal decrease in local highway user revenues distributed from GMVRA beginning in FY 2012.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill reduces by half the annual registration fee for farm or livestock trailers or semitrailers with a maximum gross weight limit of 10,000 pounds and 20,000 pounds, from \$40 to \$20, and from \$62 to \$31, respectively. The bill also eliminates the separate weight limit class for vehicles between 3,001 and 5,000 pounds that carries a \$25.50 annual registration fee, and thus makes all vehicles 5,000 pounds and under, subject to the same registration fee of \$12.75.

Current Law: MVA currently issues Class G registrations for freight and nonfreight trailers and semitrailers, for fleets of rental trailers or semitrailers, and for farm trailers or semitrailers. A Class G farm trailer or semitrailer registration may be issued to any applicant who certifies that the applicant is a farmer and that the vehicle for which the application is made is a farm trailer or semitrailer, specifying its proposed use.

A farmer is defined for registration purposes in the Maryland Vehicle Law as a person who raises, grows, and produces farm products on a farm of at least three acres, or keeps at least 25 hives of bees for the pollination of orchards and farm crops and the commercial production of honey. Farm products include livestock and livestock products.

The annual registration fee for each farm trailer or semitrailer is \$12.75 for a vehicle with a maximum weight limit of 3,000 pounds; \$25.50 for a vehicle of up to 5,000 pounds; \$40 for a vehicle of up to 10,000 pounds; and \$62 for a vehicle of up to 20,000 pounds.

A farm trailer or semitrailer may not be used for hire except to haul farm products for another farmer, or in any manner other than a farm trailer or semitrailer.

A nonfarm Class G trailer or semitrailer is classified as either a freight or nonfreight vehicle. A nonfreight trailer or semitrailer is a vehicle designed for towing by a Class A (passenger) vehicle, a Class M (multipurpose) vehicle, or a Class E (truck) vehicle. The annual registration fee for a nonfreight trailer or semitrailer is \$25.50 for a vehicle with a maximum weight limit of 3,000 pounds; \$51 for a vehicle of up to 5,000 pounds; \$80 for a vehicle of up to 10,000 pounds; and \$124 for a vehicle of up to 20,000 pounds.

State/Local Revenues: Registration fee revenues distributed to the general fund and TTF (a portion of which is shared with local governments) decrease by about \$18,290 in fiscal 2012, which reflects the bill's October 1, 2011 effective date, and by roughly \$25,000 annually due to the collection of reduced registration fees for farm trailers or semitrailers under the bill. This estimate is based on MVA data regarding the number of registered farm trailers or semitrailers in each weight class. The estimate assumes 1% growth in sales of farm or livestock trailers or semitrailers in future years but does not account for the timing of each vehicle's registration.

However, this estimate does not account for any additional revenue loss attributable to Class G trailers or semitrailers that would qualify as a livestock trailer or semitrailer under the bill and pay a registration fee to MVA that is lower than the current registration for a nonfreight trailer or semitrailer. A reliable estimate cannot be made at this time as to the number of such vehicles, or as to the weight of each vehicle. However, *for illustrative purposes only*, if there were 100 such vehicles with one-quarter of the vehicles in each of the four weight classes, the additional revenue loss may be roughly \$5,000 on an annual basis. Therefore, the total revenue loss under the bill may exceed \$20,000 in fiscal 2012 and may be between \$30,000 and \$40,000 annually thereafter. Even this illustrative estimated revenue loss may significantly understate the actual loss to the extent that the number of vehicles currently registered as nonfreight Class G trailers or semitrailers that register as farm or livestock trailers or semitrailers under the bill is significantly greater than 100.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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