

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 221

(Senator Middleton)

Judicial Proceedings

Environmental Matters

Farm Area Motor Vehicles - Registration and Authorized Use

This emergency bill alters the definition of a “farm area motor vehicle” by increasing, from 10 miles to 25 miles, the distance from a farm that a vehicle may travel while remaining eligible to be considered a farm area motor vehicle. Additionally, the bill requires, as part of the registration application for a farm area motor vehicle, that the owner of the vehicle submit the most recent federal tax filing that shows active farming status.

The bill takes effect upon enactment and terminates after five years.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease, likely minimally in FY 2014, but potentially significantly between FY 2015 and 2019, from the collection of fewer vehicle registration fees. Special fund revenues for the Maryland Emergency Medical System Operations Fund (MEMSOF) decrease, likely minimally, from the collection of fewer vehicle registration surcharges over the same period. The Motor Vehicle Administration can implement the bill with existing resources.

Local Effect: Highway user revenues decrease minimally over the same five-year period due to fewer vehicle registration fees collected.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background: A Class K “farm area motor vehicle” is a motor vehicle owned by a farmer and operated only on a farm or on a highway within a 10-mile radius of the farm. Class K vehicles are subject to an annual registration fee of \$2.50, which is significantly less than the fee of \$5.00 for every 1,000 pounds for a farm truck of between 10,000 and 40,000 pounds, \$5.25 for every 1,000 pounds for a farm truck of more than 40,000 pounds, and \$5.25 for every 1,000 pounds for a farm tractor of between 40,000 and 80,000 pounds. Farm trailers are registered biennially, and fees range from \$25.50 to \$124.

Farm area motor vehicles are also exempt from several generally applicable requirements under the Maryland Vehicle Law. For example, farm vehicles are exempt from the generally applicable required security (insurance) requirements, used vehicle inspection certificate requirements, and requirements to enclose the bed of a vehicle carrying a load of loose materials.

State Revenues: TTF revenues decrease, likely minimally in fiscal 2014 and potentially significantly between fiscal 2015 and 2019, as additional trucks become eligible to pay the reduced vehicle registration fee as a farm area motor vehicle. A reliable estimate of this decrease in TTF revenues cannot be made due to significant uncertainty regarding the number of vehicles that become eligible for registration as a farm area motor vehicle each year. However, *for illustrative purposes only*, TTF revenues decrease by about \$2,100 in fiscal 2014 and by more than \$8,600 annually through fiscal 2018 (with a partial-year impact in fiscal 2019) under the following information and assumptions:

- 7,614 farm trucks, 778 farm tractors, 1,192 farm trailers, and 8,925 farm area motor vehicles are currently registered in Maryland;
- the number of vehicles in each other farm registration class is reduced by 1% when the vehicles register instead as farm area motor vehicles;
- each vehicle transferring its registration class to farm area motor vehicle previously paid the average fee in its former vehicle registration class;
- the number of each type of vehicle remains constant in fiscal 2015 but increases at a rate of 1% annually; and
- the emergency bill takes effect on April 1, 2014.

The decrease in TTF revenues may vary considerably depending on the number of vehicles that opt to register as a farm area motor vehicle. For example, TTF revenues decrease by about \$8,800 in fiscal 2014 and by more than \$35,100 on an annual basis under the same assumptions as discussed above, except that 5% of vehicles in each vehicle registration class are assumed to be registered as farm area motor vehicles. The revenue loss may be proportionately larger to the extent that an even greater percentage of vehicles register as farm area motor vehicles. However, the TTF impact is highly uncertain without additional information regarding the number of vehicles that may be eligible for registration as a farm area motor vehicle.

Special fund revenues for MEMSOF decrease, likely minimally, on an annual basis from the collection of fewer vehicle registration surcharges. Farm trucks and farm tractors (but not farm trailers) pay registration surcharges that are distributed to MEMSOF. Thus, special fund MEMSOF revenues decrease to the extent that additional farm trucks and tractors that are eligible for registration as farm area motor vehicles transfer registration classes. For example, under the information and assumptions discussed in the illustrative example above, revenues decrease by about \$1,400 on an annual basis assuming that 1% of farm trucks and tractors become registered as farm area motor vehicles, or by about \$7,200 on an annual basis if 5% of farm trucks and tractors become registered as farm area motor vehicles. Again, the Department of Legislative Services advises that the MEMSOF impact is highly uncertain without additional information regarding the number of vehicles that transfer registration classes under the bill.

Additional Information

Prior Introductions: None.

Cross File: HB 575 (Delegate Jacobs, *et al.*) - Environmental Matters.

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

Fiscal Note History: First Reader - February 7, 2014
mc/ljm Revised - Enrolled Bill - April 14, 2014

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