

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 716 (Delegate Griffith, *et al.*)
Environment and Transportation

Motor Vehicle Registration - Fee Exemption - Unemployable Disabled Veterans

This bill establishes that a vehicle owned by a veteran who is unemployable due to a service-connected disability is exempt from vehicle registration fees.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) and special fund revenues decrease beginning in FY 2025, as discussed below. Expenditures are likely not materially affected.

Local Effect: Unless the number of exemptions increases significantly, the bill is not anticipated to materially affect local finances or operations.

Small Business Effect: None.

Analysis

Current Law: The contribution of the U.S. Armed Forces is recognized through several provisions within the Maryland Vehicle Law. Specifically, Maryland has exemptions from registration fees for veterans with certain disabilities and vehicles owned by national veterans' organizations as well as special registration plates for honorably discharged veterans; recipients of individually earned, combat-related U.S. Armed Forces medals; and recipients of a U.S. Department of Defense Gold Star indicating status as a surviving spouse, parent, or next of kin of a member of the U.S. Armed Forces who lost his or her life in combat.

Most classes of vehicle are currently registered biennially, although some less common classes are registered on an annual basis. Registration fees also include a

yearly \$17.00 surcharge for the Maryland Institute for Emergency Medical Services System. A portion of that surcharge (\$2.50) is reserved for the Trauma Physician Services Fund.

State Fiscal Effect: The Motor Vehicle Administration (MVA) advises that, as of January 2024, there are 33,361 total Class A (passenger) and Class M (multipurpose) registrations with a 100% disabled veteran exemption. Under the bill, the number of exemptions is likely to increase. For context, MVA further advises that, as of fiscal 2021 (the last year reported by the U.S. Department of Veterans Affairs), approximately 98,000 veterans in Maryland were receiving some sort of disability compensation. However, the number of those veterans who are less than 100% disabled but have an unemployability designation is not known. Accordingly, the number of additional exemptions and the impact of them on State revenues cannot be determined at this time.

For illustrative purposes only, assuming an average biennial registration fee of \$161.00, for every 1,000 additional vehicles owned by veterans who become exempt from registration fees over a two-year period, TTF revenues decrease by \$63,500 annually while other special fund revenues (Maryland Emergency Medical System Operations Fund and Trauma Physician Services Fund) decrease by a combined \$17,000 annually. In addition, as a portion of registration fee revenues is shared with local governments as highway user revenue capital grants, TTF expenditures for that purpose decrease minimally.

Local Revenues: As a portion of registration fee revenues is shared with local governments as highway user revenue capital grants, they are also affected. However, this analysis assumes the impact is likely minimal.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Department of Veterans Affairs; Department of Legislative Services

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rh/ljm

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