

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 281

(Senator Simonaire, *et al.*)

Judicial Proceedings and Education, Energy,
and the Environment

Environment and Transportation

Transportation Equality for Service Members Act

This bill generally establishes uniform definitions related to the military in the General Provisions, State Government, and Transportation Articles of the Maryland Code, primarily by reference to definitions in the U.S. Code. While certain such alterations represent only stylistic or technical changes, there are substantive changes; these changes generally make certain provisions within the Transportation Article applicable to all members of the *uniformed services*, thereby expanding eligibility for certain benefits (*e.g.*, special registration plates, license expirations/renewals, emissions exemptions, etc.). The bill also specifies that certain loaner vehicles owned by a licensed dealer are exempt from the vehicle excise tax.

Fiscal Summary

State Effect: It is assumed that the bill’s changes relating to benefits eligibility apply in a limited number of cases and do not materially affect State finances. Potential Transportation Trust Fund (TTF) revenue effects of the bill’s vehicle excise tax exemption for loaner vehicles are discussed in the Additional Comments section.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary/Current Law: The bill adds the definition of several military terms to the State Government Article (§ 9-901). This includes the definition of “military family” as well as all terms found in **Exhibit 1** below. “Military family” includes the spouse and dependent children of a service member or veteran related by blood, marriage, or adoption.

Exhibit 1
Repeated Military Definitions Added to State Government § 9-901

<u>Term</u>	<u>U.S. Code Reference</u>	<u>Definition</u>
Active duty	37 U.S.C. § 101	Full-time duty in the active service of a uniformed service, including full-time training duty, annual training duty, full-time National Guard duty, and attendance, while in the active service, at a school designated as a service school by law or the relevant Secretary
Active service member	n/a	An individual who is (1) an active-duty member of the uniformed services or (2) serving in a reserve component of the uniformed services on active-duty orders
Armed forces	10 U.S.C. § 101	Army, Navy, Air Force, Marine Corps, Space Force, and Coast Guard
Reserve component	37 U.S.C. § 101	The Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, the Coast Guard Reserve, or the Reserve Corps of the Public Health Service
Service member	n/a	An individual who is a member of (1) the uniformed services or (2) a reserve component of the uniformed services
Uniformed services	37 U.S.C. § 101	Army, Navy, Air Force, Marine Corps, Space Force, Coast Guard, National Oceanic and Atmospheric Administration, and Public Health Service
Veteran	38 U.S.C. § 101	A person who served in the active military, naval, air, or space service, and who was discharged or released under nondishonorable conditions

n/a: not applicable

Source: Department of Legislative Services

Maryland Vehicle Law Provisions

The contribution of the U.S. Armed Forces is recognized through several provisions within the Maryland Vehicle Law. For example, 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. The bill expands certain provisions to apply more broadly.

Recipients of an Individually Earned Combat-related Armed Forces Medal: Under the bill, special registration plates for recipients of an individually earned combat-related, armed forces medal are also made available to recipients of a *non-combat-related uniformed services medal of the highest levels*. In addition, the requirement under current law for the Motor Vehicle Administration (MVA) to consult with the U.S. Department of Defense regarding qualifying medals is expanded to include consultation with the U.S. Department of Homeland Security, the Commissioned Corps of the Public Health Service (PHS), the National Oceanic and Atmospheric Administration (NOAA), and appropriate representatives of the various branches of the *uniformed services*.

Disabled Veterans: Under current law, the owner of a motor vehicle (or a lessee) may apply to MVA for a special disabled veteran registration plate for certain vehicle classes. To be eligible, an applicant must be an *armed forces* veteran. The bill repeals the reference to the *armed forces*; as a result, any veteran who meets other existing criteria for a special disabled veteran registration plate may apply under the bill.

Excise Taxes: Under current law, a vehicle is exempt from the excise tax imposed on original certificates of title if, in addition to other requirements, the vehicle is owned by a member *of the military on active duty* or who returns to the State from active duty, with "military" defined for this purpose as including PHS and NOAA. Under the bill, *active service members* or *service members* who return to the State from active duty are eligible, so long as the other requirements are met. Accordingly, the bill standardizes the terms used but does not expand eligibility for this exemption.

For information regarding the vehicle excise tax as it applies to loaner vehicles owned by a licensed dealer (under current law and under the bill), see the Additional Comments section of this fiscal and policy note.

Other Changes: The bill alters several additional provisions that confer certain benefits and rights to members of the armed services or the military (sometimes also including PHS in current law). As noted above, "uniformed services" (or "service member") is generally

substituted for “armed services” and related terms, thereby definitively including PHS and NOAA. Specifically, the bill makes those substitutions within sections of the Maryland Vehicle Law related to:

- temporary renewals of identification cards;
- vehicle registration exemptions for nonresidents stationed in the State (or a surrounding jurisdiction, as specified);
- temporary parking placards;
- exemptions from driver’s licensing requirements;
- expiration and renewal periods for driver’s licenses; and
- emissions inspection exemptions.

As a result of the above changes, under the bill, these provisions of the Maryland Vehicle Law are more standardized in the application of various benefits and privileges.

Additional Comments: The bill modifies § 13-810 of the Transportation Article to specify that a vehicle owned by a licensed dealer is exempt from the vehicle excise tax if the vehicle is provided to a customer for use while the customer’s vehicle is not in use due to repair, maintenance, or other vehicle service performed by the dealer. Under current law, such vehicles are titled as short-term rental vehicles and, thus, already exempt from the vehicle excise tax.

However, House Bill 352 (the Budget Reconciliation and Financing Act of 2025) as passed by the General Assembly repeals the vehicle excise tax exemption for short-term rental vehicles and imposes an excise tax of 3.5% of the fair market value of a short-term rental vehicle beginning July 1, 2025. The proceeds from the tax accrue to TTF and may not be credited to the Gasoline and Motor Vehicle Revenue Account. If House Bill 352 is enacted, this bill’s modifications to § 13-810 reduce TTF revenues generated by the newly imposed excise tax on short-term rental vehicles beginning in fiscal 2026. The precise effect cannot be reliably estimated at this time but is not anticipated to be significant. Due to this bill’s October 1, 2025 effective date, affected loaner vehicles that are titled during the first quarter of fiscal 2026 are nonetheless subject to the 3.5% excise tax on short-term rental vehicles imposed by House Bill 352 (if enacted).

Additional Information

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

Designated Cross File: HB 475 (Delegate Allen, *et al.*) - Environment and Transportation.

Information Source(s): Governor's Office of Small, Minority, and Women Business Affairs; Department of Commerce; Department of Budget and Management; Maryland Department of the Environment; Maryland Department of Health; Maryland Department of Labor; Department of Natural Resources; Maryland Department of Transportation; Department of Veterans and Military Families; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - January 27, 2025
km/jkb Third Reader - March 20, 2025
Revised - Amendment(s) - March 20, 2025
Revised - Clarification - March 20, 2025
Enrolled - May 5, 2025
Revised - Amendment(s) - May 5, 2025

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