

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 179

(Senator Smith, *et al.*)

Judicial Proceedings

Environment and Transportation

Motor Vehicle Registration - Fee Exemption - Unemployable Disabled Veterans

This bill establishes that a vehicle owned by (or leased to) and personally used by a veteran who is unemployable due to a service-connected disability is exempt from vehicle registration fees. Only one vehicle can be exempted from registration fees using this authorization.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) and special fund revenues decrease beginning in FY 2026, 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 may register for one or two years. Registration fees vary based on a vehicle's characteristics (*e.g.*, class and weight, whether the vehicle is an electric drive

vehicle, etc.). Registration fees also include a yearly \$40.00 surcharge, primarily for the Maryland Emergency Medical System Operations Fund (MEMSOF), as much as \$24.50. A portion of that surcharge (\$6.50) is reserved for the Maryland Trauma Physician Services Fund (MTPSF), and at least \$9.00 from each surcharge must be allocated to the R Adams Cowley Shock Trauma Center.

State Fiscal Effect: The Motor Vehicle Administration (MVA) estimates approximately 4,000 veterans in the State meet the criteria of unemployable due to a service-related disability. The number who may seek the fee exemption authorized by the bill is unknown, as some may already qualify for a fee exemption under other provisions of State law.

For illustrative purposes only, if 2,000 vehicles become exempt from registration fees under the bill, TTF revenues decrease by approximately \$195,000 annually (\$146,250 in fiscal 2026), based on an annual registration fee of \$97.50 (*i.e.*, MVA's projected average annual registration fee in fiscal 2026 for Class A and Class M vehicles). In this scenario, other special fund revenues (MEMSOF, MTPSF, and Shock Trauma) decrease by a combined \$80,000 annually (\$60,000 in fiscal 2026). 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 been introduced within the last three years. See HB 716 of 2024.

Designated Cross File: HB 248 (Delegate Griffith) - Environment and Transportation.

Information Source(s): Maryland Department of Transportation; Department of Veterans and Military Families; Department of Legislative Services

Fiscal Note History: First Reader - January 21, 2025
km/ljm Third Reader - March 17, 2025

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