

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 751

(Senator Mautz)

Judicial Proceedings

Vehicle Laws – Required Security – Exemption of Farm Area Motor Vehicles

This bill explicitly exempts farm area motor vehicles (FAMVs) from the requirement for a motor vehicle to carry required security (*i.e.*, insurance) as a condition for the vehicle to be registered in the State.

Fiscal Summary

State Effect: The bill may conflict with federal requirements and, as a result, may put federal funding at risk, as discussed below. The bill is not anticipated to materially affect general fund revenues resulting from the premium tax. State expenditures are not affected.

Local Effect: The bill does not directly affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Current Law: 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 25-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 trailer fees range from \$12.75 to \$62.00 annually, depending on the weight of the trailer.

Chapter 146 of 2014 altered the definition of FAMVs by increasing, from 10 to 25 miles, the distance from a farm that a vehicle may travel while remaining eligible to be considered an FAMV. It also required the owner to submit the most recent federal tax filing showing active farming status as part of the application for registration. Chapters 173 and 174 of 2019 made these changes permanent.

FAMVs are exempt from certain generally applicable requirements under the Maryland Vehicle Law. For example, farm vehicles are exempt from used vehicle inspection certificate requirements and requirements to enclose the bed of a vehicle carrying a load of loose materials, and some of them *may* already qualify for exemption from security requirements if they also meet the definition for farm equipment and are only incidentally operated on a highway.

The Motor Vehicle Administration (MVA) may issue a *temporary* registration to an FAMV that, among other requirements, is owned by a resident of another state, or a company operating out of another state, if the individual or company is under contract with a Maryland farmer to conduct seasonal harvesting operations in the State. A temporary registration may not be in effect for more than 90 days. Additionally, a vehicle issued a temporary registration under this provision is expressly required to meet the mandatory insurance requirements of Title 17, Subtitle 1 of the Transportation Article.

FAMVs are eligible for overweight hauling of certain agricultural products if they apply for and receive an Agriculture Hauling Permit from the State Highway Administration.

Required Security – Generally

Maryland law requires an owner of a motor vehicle that is required to be registered in the State to maintain insurance for the vehicle during the registration period. MVA may not issue or transfer the registration of a motor vehicle unless the owner or prospective owner of the vehicle provides satisfactory evidence to MVA that the required security is in effect. The security required must provide at *least* the payment of claims:

- for bodily injury or death arising from an accident of up to \$30,000 for any one person and up to \$60,000 for any two or more persons;
- for property of others damaged or destroyed in an accident of up to \$15,000;
- unless waived or exempt as specified, for personal injury protection coverage of \$2,500 per person; and
- for uninsured motorist or enhanced uninsured motorist coverage, as specified.

Minimum Security Requirements for Commercial Motor Vehicles

Section 25-111.1 of the Transportation Article requires for-hire vehicles engaged in *interstate* commerce, which have a gross vehicle weight rating of 10,000 pounds and are designed to carry property or transport passengers, as well as hazardous materials (hazmat) transportation vehicles, to maintain required security consistent with federal minimum financial responsibility regulations. These requirements also apply to for-hire vehicles of more than 26,000 pounds that are designed to carry property and that are engaged in *intrastate* commerce.

State Fiscal Effect: The Maryland Department of Transportation (MDOT) advises that FAMVs can be any type of motor vehicle (not solely farm equipment such as a tractor) that is otherwise capable of being registered as a truck, tractor trailer, and even a passenger car.

MDOT further advises that if an FAMV is engaged in a “for-hire operation,” or is hauling hazardous materials, it is subject to certain federal requirements that require a minimum security. To the extent that FAMVs fail to maintain the required security, the bill may result in federal penalties that could result in the withholding of otherwise eligible federal aid dollars (up to \$8 million annually). However, any such impact cannot be reliably predicted and is not accounted for in this analysis.

Small Business Effect: Small businesses that purchase vehicles eligible for FAMV registration (or small businesses that own currently registered FAMVs) may benefit under the bill, as they may choose to forgo insurance and save money on related premiums.

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 Agriculture; Maryland Department of Transportation; Maryland Insurance Administration; Department of Legislative Services

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Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510