

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 896 (Senator Hershey, *et al.*)
 Judicial Proceedings and Budget and Taxation

Vehicle Laws - Registration Fees - Alterations

This bill repeals the annual registration fee increases for most classes of vehicles enacted by the Budget Reconciliation and Financing Act (BRFA) of 2024, as amended by the BRFA of 2025 (which accelerated annual registration fee increases for certain classes by one year). **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease by more than \$250.0 million annually beginning in FY 2027, reflecting the loss of higher registration fee revenues established by the BRFA of 2024. TTF expenditures decrease by approximately \$5.0 million annually due to lower credit card processing fees.

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	(\$255.0)	(\$252.0)	(\$255.0)	(\$257.0)	(\$260.0)
SF Expenditure	(\$5.4)	(\$5.3)	(\$5.4)	(\$5.4)	(\$5.5)
Net Effect	(\$249.6)	(\$246.7)	(\$249.6)	(\$251.6)	(\$254.5)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None; as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary/Current Law: Exhibit 1 shows the recent history of registration fees, as enacted by the BRFA of 2024 and later amended by the BRFA of 2025. Under the bill, annual registration fees return to the amounts shown for fiscal 2024.

Exhibit 1
Annual Vehicle Registration Fee Changes
as Enacted by BRFA of 2024 and Amended by BRFA of 2025

<u>Class of Vehicle</u>	<u>In FY 2024</u> <u>(Restored by Bill)</u>	<u>In FY 2025</u>	<u>Beginning in</u> <u>FY 2026</u>
A (passenger) / M (multipurpose)*			
≤ 3,500 lbs.	\$50.50	\$70.50	\$80.50
> 3,500 lbs. to ≤ 3,700 lbs.	50.50	80.50	85.50
> 3,700 lbs.	76.50	121.50	151.50
B (for hire)	150.00	170.00	180.00
C (funeral and ambulance)	100.00	120.00	130.00
D (motorcycle)	35.00	55.00	65.00
E (truck)*			
≤ 3,500 lbs.	63.75	83.75	93.75
> 3,500 lbs. to ≤ 5,000 lbs.	63.75	93.75	98.75
> 5,000 lbs.**	63.75	108.75	138.75
EPD (dump truck)	Variable	+ \$20.00	+ \$30.00
T (tow truck)	Variable	+ \$20.00	+ \$30.00
F (tractor)	Variable	+ \$20.00	+ \$30.00
G (trailer)	Variable	+ \$20.00	+ \$30.00
H (school)	Variable	+ \$20.00	+ \$30.00
P (passenger bus)	Variable	+ \$20.00	+ \$30.00
J (vanpool)	76.50	96.50	106.50
L (historic)	25.50	45.50	55.50
N (street rod)	25.00	45.00	55.00
Q (limousine)	185.00	205.00	215.00

BRFA: Budget Reconciliation and Financing Act

* The bill eliminates the additional weight categories established by the BRFA of 2024. As a result, Class A and Class M vehicles revert to only two weight categories (vehicles weighing 3,700 pounds or less and those weighing more). Class E (truck) vehicles similarly revert to fewer weight divisions, with trucks weighing less than 7,000 pounds subject to a standard fee, and heavier vehicles being subject a variable fee based on weight increments.

** Lower-weight vehicles within this range pay a fixed registration fee, while higher-weight vehicles pay a variable registration fee based on weight increments.

Notes: Class A (passenger), E (truck), and M (multipurpose) weight classifications are based on shipping weight. A vehicle for which the owner certifies on the registration application that the vehicle will be used for construction activities pays the same fee as a Class E (truck) that is 3,500 pounds or less.

Source: Department of Legislative Services

State Fiscal Effect: TTF revenues decrease by approximately \$255.0 million in fiscal 2027 and by similar amounts in subsequent years. This estimate is consistent with the estimates in the fiscal and policy note for the BRFA of 2024 and BRFA of 2025. TTF expenditures also decrease by approximately \$5.0 million annually due to lower credit card processing fees, which are generally assessed as a percentage of the transaction. This estimate assumes that approximately 70% of transactions are subject to a credit card processing fee and the average fee paid is 3%.

The Motor Vehicle Administration (MVA) advises that the Maryland Department of Transportation's (MDOT) five-year financial plan fully accounts for all available funding to its debt service, operating budget, and capital budget. MDOT must maintain a balanced six-year program in accordance with federal guidelines. The significant loss of revenue causes MDOT to fall below its policy limit of 2.5 times coverage for its net income test. Thus, to maintain the required coverage, MDOT likely needs to (1) increase revenues from another source; (2) decrease operating and/or capital expenditures through the delay or cancellation of other projects in its capital program; or (3) a combination of the two. However, any such impact is not included in this analysis.

This analysis does not include any fiscal or operational impact on MVA resulting from participation rates in MVA's installment payment plan for registrations; however, any such impact, if realized, is anticipated to be minimal.

Local Fiscal Effect: Generally, a portion of the revenues from motor vehicle registration fees accrues to the Gasoline and Motor Vehicle Revenue Account (GMVRA) and is provided to local governments through capital transportation grants. However, the BRFA of 2024 required transportation revenues raised in accordance with the Act to remain allocated within MDOT, and, similarly, the BRFA of 2025 specified that transportation revenues raised as a result of the registration fee acceleration must remain allocated within MDOT. Therefore, there is no effect on local government revenues due to the repeal of the higher registration fee provisions because these additional revenues have not been shared with local governments through GMVRA.

Small Business Effect: Small businesses that maintain multiple vehicles or vehicle fleets realize cost savings due to lower registration fees.

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 Legislative Services

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jg/rld

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