

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 1229 (Delegate Weir)
Environmental Matters

Motor Vehicle Registration Fees - Exemptions - Surviving Spouses of Veterans

This bill expands the current exemption from the requirement to pay vehicle registration fees to apply also to a motor vehicle owned and personally used by a surviving spouse of (1) a deceased disabled veteran, regardless of the age of the surviving spouse and (2) a veteran that died in combat or from a combat-related injury if the spouse has not remarried and submits a copy of a specified form from the National Personnel Records Center with the registration application.

Fiscal Summary

State Effect: Special fund revenues decrease, likely by less than \$50,000 annually, beginning in FY 2014 due to the collection of fewer vehicle registration fees and associated surcharges, partially offset in FY 2014 by registration fee refunds provided by the Motor Vehicle Administration (MVA) to eligible individuals. Transportation Trust Fund (TTF) expenditures are not materially affected as any computer reprogramming and reprinting is likely to be minimal and can likely be handled with existing resources.

Local Effect: Minimal reduction in local highway user revenues.

Small Business Effect: Minimal.

Analysis

Current Law: The Maryland Vehicle Law exempts the owner or operator of several types of vehicles from registration fees, including:

- a vehicle that is owned and operated by the federal, State, or a local government in Maryland, the Civil Air Patrol, a unit of a national veterans' organization, or a Maryland chapter of the American Red Cross;
- a vehicle owned by a volunteer fire company incorporated in Maryland or by a rescue squad that is used for firefighting or ambulance purposes;
- a canteen wagon of a recognized fire buff organization, as certified by the International Fire Buffs Association;
- a motor vehicle and trailer known as the "40-8 box car" that is owned and operated only for social or charitable purposes by any voiture of the Forty and Eight of the American Legion;
- a vehicle that is owned and personally used by a veteran with specified physical disabilities, or by an individual age 65 or older who is the surviving spouse of a deceased disabled veteran; and
- a Type I or Type II school vehicle owned and operated by a religious organization.

Chapter 694 of 2008 (HB 1425) established a special registration plate available exclusively for a recipient 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 Armed Forces who lost his or her life in combat. The special registration plate is required to contain an emblem or logo indicating that the registration plate holder is a Gold Star recipient.

State/Local Revenues: Special fund revenues may decrease beginning in fiscal 2014, likely by less than \$50,000 annually, due to additional registration fee and related surcharge exemptions granted under the bill. A reliable estimate of the decrease in revenues cannot be made due to uncertainty regarding the number of surviving spouses of deceased disabled veterans who are younger than 65 or veterans that died in combat or from a combat-related injury that qualify for an exemption. However, MVA estimates that roughly 500 surviving spouses may be eligible under the bill based on an extrapolation of national deceased disabled veteran benefits data, the number of Maryland veterans that have died from combat-related injuries between 2002 and 2011, and a number of assumptions regarding the number and eligibility of surviving spouses.

For illustrative purposes only, if 500 surviving spouses currently qualify for the bill's exemption and one-half of these vehicles' registrations are renewed in fiscal 2014 and one-half in 2015, then TTF revenues decrease by \$33,670 in fiscal 2014, which accounts for the bill's October 1, 2013 effective date, and assumes that MVA provides refunds to

individuals that registered prior to the effective date. TTF revenues also decrease by \$38,963 annually beginning in fiscal 2015. This estimate further assumes that 90% of these individuals own a Class A or M vehicle and 10% own a Class E vehicle. Of the Class A vehicles, 75% weigh 3,700 pounds or less and are subject to a \$128 biennial fee, and 25% weigh more than 3,700 pounds and pay a \$180 biennial fee.

Most of the foregone revenues would have been retained in TTF at the State level; however, a portion would have been shared with local governments as highway user revenues. Based on the estimate above, the revenue loss to local governments is \$3,416 or less each year. Likewise, the revenue loss to special funds for emergency management operations and trauma physicians is less than \$3,375 each year.

Additional Information

Prior Introductions: A similar bill, HB 297 of 2012, received an unfavorable report from the House Environmental Matters Committee.

Cross File: None.

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

Fiscal Note History: First Reader - March 3, 2013
mc/ljm

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