

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1240 (Delegate Miller)
Environment and Transportation

Motor Vehicles - Registration - Class E (Truck) "Dump Service Registration"
Vehicles

This bill authorizes the owner of a Class E “dump service registration” truck with four axles and a maximum gross vehicle weight limitation of 70,000 pounds to instead register the vehicle as a Class E “farm truck.” The bill sets the fee for such vehicles at \$5.25 per 1,000 pounds (or fraction thereof), compared to a fee of \$26.25 per 1,000 pounds or \$1,050 (whichever is higher) for dump trucks. The owner must meet existing requirements related to farm truck registrations.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease, potentially significantly, beginning in FY 2021, as discussed below. Expenditures are not materially affected.

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Farm Vehicles

“Farm vehicle” means a vehicle that (1) is owned by a farmer; (2) is used only in the farmer’s farming business (and about the farmer’s farm home) and in hauling farm products

and the labor, supplies, equipment, and other materials necessary for the operation of the farm and farm home; and (3) is not used to haul farm products previously acquired by the farmer for resale or to haul farm products for hire for another person who is not a farmer.

“Farm truck” means a farm vehicle that (1) is a Class E (truck) vehicle and (2) has a shipping weight of its chassis and battery, as certified by the manufacturer, of more than 1,500 pounds.

Upon application, the Motor Vehicle Administration (MVA) must issue a Class E “farm truck registration” to any applicant who certifies that (1) the applicant is a farmer and (2) the vehicle for which the application is made is a farm truck, specifying its proposed use. For each vehicle registered as a farm truck, the annual registration fee is based on the maximum gross vehicle weight, as follows:

<u>Maximum Gross Weight Limit</u> (in pounds)	<u>Annual Registration Fee</u> (per 1,000 pounds or Fraction Thereof)
10,000 (minimum) – 40,000	\$5.00
40,001 – 65,000 (maximum)	\$5.25

Dump Trucks

Upon application, MVA must issue a special Class E “dump service registration” to any applicant who certifies that the vehicle for which the application is made is a Class E (truck) vehicle that (1) is designed to haul cargo and to self-unload by gravity or mechanical means and (2) is to be used to haul feed or other loose materials in bulk. The annual registration fee for these vehicles is at least \$1,050 since it is the greater of that amount or \$26.25 per 1,000 pounds of gross vehicle weight.

State Revenues: MVA advises that 13,330 vehicles are registered as Class E dump trucks. Under the bill, a portion of those vehicles is eligible to instead register as a Class E farm truck. As shown above, the fee for farm truck vehicles is much lower than the fee for dump trucks. Although the exact number of vehicles that may transfer their registrations under the bill cannot be determined, *for illustrative purposes only*, TTF revenues decrease by about \$974,487 annually under the following assumptions:

- 5% (approximately 667) dump trucks instead obtain a farm truck registration;
- the average fee paid by farm truck registrants is about \$89; and
- the average fee paid by dump truck registrants is about \$1,550.

Small Business Effect: Any small businesses that are able to transfer their truck registrations as a result of the bill may meaningfully benefit, as the bill authorizes a significantly reduced annual registration fee. However, the number of small businesses in
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the State that may own vehicles that are eligible for transfer as a result of the bill is not known.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Department of Legislative Services

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mr/ljm

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