

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE
Revised

House Bill 377 (Delegate Arnick)

Commerce and Government Matters

Judicial Proceedings

Vehicle Laws - Titling and Registration - Time Period Extensions

This bill changes the deadline for licensed vehicle dealers to submit title certification and all related taxes and fees to the Motor Vehicle Administration (MVA) from 20 days to 30 days from the date that the vehicle is delivered. The deadline extension applies to all vehicle classes and to title transfers for vehicles titled in the State or other states. It also extends the expiration date for temporary vehicle registration plates from 45 days to 60 days.

Fiscal Summary

State Effect: Transportation Trust Fund revenues could decline by about \$254,800 annually beginning in FY 2002. Revenues may increase to the extent that the MVA collects more fines for delayed submissions of titles and tax payments. Expenditures would not be affected.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
SF Revenue	(\$254,800)	(\$254,800)	(\$254,800)	(\$254,800)	(\$254,800)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$254,800)	(\$254,800)	(\$254,800)	(\$254,800)	(\$254,800)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Vehicle dealers are required to submit excise tax payments, title certification, and other documentation for vehicles that are transferred from other dealers or sold.

State Revenues: The MVA has collected approximately \$372 million in annual excise tax revenues from vehicle dealers during the last three fiscal years. To the extent that the bill allows a delay in excise tax collection, interest earned on those excise tax revenues would decline. The MVA estimates that half of the dealers will take advantage of the ten-day extension, based on audits of dealers' timeliness in delivering documentation. The delayed excise tax revenue would be \$186 million. Assuming an annual 5% interest rate (based on current bond return), the annual interest would be \$9.3 million. The prorated loss to the State for the ten-day delay would be approximately \$254,846 in fiscal 2002. Out-year losses are assumed to remain constant.

The MVA advises that it collects fines on a sliding schedule (\$25 to \$1,000 per transaction) from dealers who consistently or flagrantly violate the 20-day deadline. A grace period is allowed in several cases. However, if dealers are allowed 30 days to submit the title certification, they may be granted a shorter grace period and, subsequently, assessed more fines. Alternatively, fewer fines could be assessed if the 30-day deadline was met more often than the current 20-day deadline.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Transportation (Motor Vehicle Administration), Department of Legislative Services

Fiscal Note History: First Reader – February 5, 2001
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