

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

**FISCAL AND POLICY NOTE**

House Bill 855

(Delegate Boteler, *et al.*)

Environmental Matters

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**Vehicle Laws - Title Service Agents - Fees**

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This bill prohibits the Motor Vehicle Administration (MVA) from titling or registering a vehicle if any required fee has not been paid to a title service agent.

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**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) expenditures would increase to process flagged records and for additional transactions to release flags. TTF revenues would increase by a commensurate amount to cover expenses. Potential additional TTF expenditures in FY 2008 only for computer reprogramming costs.

**Local Effect:** None.

**Small Business Effect:** Title service agents could have additional revenues due to their additional ability to force individuals to pay.

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**Analysis**

**Bill Summary:** Before rendering services, a title service agent must notify a motor vehicle owner that, if the owner refuses to pay a fee, the title service agent must notify the MVA and the MVA may refuse to title or register the vehicle. If a motor vehicle owner refuses to pay a fee within 30 days, the title service agent must notify the MVA and the MVA must then flag its records. The bill specifies types of documentation a motor vehicle owner may provide to prove the fee was paid. The MVA must impose a reasonable flagging fee to cover its costs incurred in flagging a record or removing a flag.

**Current Law:** A title service agent is defined as any person, besides a dealer or an employee of a dealer, who is in the business of transporting to and from the MVA certificates of title, registrations, drivers' licenses, certified copies of records, and other related documents.

**Background:** The MVA advises that there are 87 title service agents in the State. These agents offer titling and registration services in exchange for a higher fee than the MVA would charge. However, if a vehicle owner does not pay for the service, the title service agent has no ability to force an individual to pay as the MVA would if it did not receive payment for its services.

**State Fiscal Effect:** TTF revenues and expenditures would increase due to the additional flags on records; however, the magnitude of this effect cannot be reliably estimated at this time, as the number of transactions this additional flag fee would apply to cannot be reliably determined at this time. Although the MVA advises that dealers technically qualify as title service agents, it is unlikely that dealerships have many individuals who do not pay for their fees, as dealerships can repossess the vehicle; therefore, this bill primarily applies to stand-alone agents.

In fiscal 2006, the MVA issued nearly 1.1 million titles, of which 42.9% were transmitted to the MVA electronically, and the remainder involved a physical visit to the MVA. The MVA was unable to determine how many transactions were processed through title service agents, as opposed to other walk-in titling transactions.

Without this information, the number of transactions that could be subject to being flagged cannot be quantified; thus, MVA expenditures cannot be reliably estimated.

The bill directs the MVA to set its flag fee to cover costs. The MVA currently charges a \$30 flag fee to release a flag on its records for other purposes; however, the amount of the new flag fee for failure to pay a title service agent would depend on the MVA's costs, which also cannot be reliably estimated at this time.

Depending on the number of new flags, the MVA could need additional customer service agents; alternatively, if the number of new flags were low, the MVA would be able to handle additional transactions with existing resources.

The MVA advises that computer reprogramming costs associated with this bill would total approximately \$450,000. Legislative Services advises that, if other legislation is passed requiring computer reprogramming, economies of scale could be realized.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 11, 2007  
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