

Department of Legislative Services  
Maryland General Assembly  
2014 Session

FISCAL AND POLICY NOTE

House Bill 1190 (Delegates McMillan and Vitale)  
Environmental Matters

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Vehicle Laws - Licenses and Registrations - Notice of Suspension or Revocation

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This bill prohibits the Motor Vehicle Administration (MVA) from suspending or revoking a vehicle registration or driver's license until 10 business days after MVA sends notice of the suspension or revocation to the registered owner or licensee. Notice must be personally served or sent by certified mail, return receipt requested, and must state: (1) the duration of the suspension or revocation; (2) the reason for the suspension or revocation; (3) the potential consequences that may result from the suspension or revocation; and (4) any action that may be taken to avoid suspension or revocation. For notices regarding the suspension or revocation of a vehicle registration, the notice must also state that suspension or revocation begins 10 business days after notice is sent unless the issues leading to the notice of suspension or revocation are resolved. Notices regarding a driver's license suspension or revocation must inform the licensee of the right, within 10 business days after the notice is sent, to *file* a written request for a hearing (but does not *provide the right* to a hearing), and that, unless a hearing is requested, or the issues leading to the notice of suspension or revocation are resolved, the suspension or revocation is effective at the end of the 10-business-day period. Finally, the bill repeals less stringent notice requirements for MVA prior to the suspension or revocation of a driver's license following the accumulation of points on a driver's license.

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Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) expenditures increase significantly – potentially by about \$2.4 million in FY 2015 (which accounts for the bill's effective date) and more than \$2.8 million annually – for MVA for additional personnel, equipment, programming, and postage costs associated with providing the notice required by the bill. TTF expenditures may increase further to the extent that the bill results in additional hearings prior to the suspension or revocation of a driver's license. General fund revenues and expenditures may increase for the Office of Administrative Hearings

(OAH) to the extent that the bill results in an increase in the number of hearings after the notice required by the bill is provided.

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

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** Driver's licenses or vehicle registrations are subject to suspension or revocation for numerous violations of the Maryland Vehicle Law and other laws, such as the failure to pay a parking or traffic control device citation; failure to maintain insurance or other forms of required security for a vehicle; nonpayment of judgments and child support arrearages; driving while impaired by, or under the influence of, alcohol or controlled dangerous substances; the accumulation of points on a driver's license; and many other infractions.

Generally, a licensee has a right to a hearing prior to the suspension or revocation of a driver's license. However, a similar statutory right to a hearing generally does not exist for the owner of a vehicle prior to the suspension or revocation of the vehicle's registration.

Whenever the Maryland Vehicle Law authorizes a license or privilege to be suspended or revoked only after a hearing, MVA must give a licensee written notice of the hearing and any charge made. The notice must contain specified information about the hearing and the legal and factual circumstances, and it must be given at least 10 days before the date of the hearing.

MVA regulations require it to immediately notify a vehicle owner of the suspension of a vehicle's registration in cases in which suspension results from the failure to pay a parking or traffic control device citation to a local jurisdiction; the jurisdiction must also notify the vehicle owner of the intent to suspend the registration.

### **State Fiscal Effect:**

#### *MVA Cost to Provide Notice*

A reliable estimate of the TTF impact cannot be made due to uncertainty regarding the additional number of notices associated additional cost to provide such notices, and potentially significant annual variability in the number of notices required by the bill. However, *for illustrative purposes only*, TTF expenditures increase by about \$2.4 million

in fiscal 2015, which accounts for the bill’s October 1, 2014 effective date, and more than \$2.8 million annually for MVA to provide the notice required by the bill.

This estimate includes the cost to hire six customer agents and two mailroom clerks to mail the required notices and to process and account for the return receipts in preparation for suspension or revocations. The estimate also includes specialized computer equipment for several of the new personnel and significant external programming costs in fiscal 2015 only to establish an automated system for certified letter processing, which is anticipated to be significantly less costly than ongoing personnel costs associated with a manual process. Finally, the estimate includes the cost of sending each notice by certified mail, return receipt requested, under the following information and assumptions:

- in fiscal 2013, 481,502 driver’s licenses and vehicle registrations were suspended or revoked, according to MVA;
- it is assumed that notice is currently provided for 10% of vehicle registration suspensions and revocations, due to the existing requirement to provide such notice in limited circumstances;
- the average postage cost for certified mail, return receipt requested, is \$5.13;
- the average *additional* postage cost to increase the level of postage service from first-class mail to certified mail, return receipt requested, for notices sent regarding actions to be taken against a driver’s license (but not a vehicle registration) is assumed to be \$4.64; and
- the number of suspensions and revocations in future years remain constant at fiscal 2013 levels.

|                                 | <u><b>FY 2015</b></u> | <u><b>FY 2016</b></u> |
|---------------------------------|-----------------------|-----------------------|
| New Positions                   | 8                     | 0                     |
| Salaries and Fringe Benefits    | \$305,006             | \$419,837             |
| Postage Costs                   | 1,671,750             | 2,340,354             |
| Programming Costs               | 359,000               | 0                     |
| Start-up and Operating Expenses | <u>71,608</u>         | <u>20,190</u>         |
| <b>Total MVA Expenditures</b>   | <b>\$2,407,364</b>    | <b>\$2,780,381</b>    |

Future year expenditures reflect full salaries with annual increases and employee turnover, as well as annual increases in ongoing operating expenses, including a 5% annual increase in postage costs. Actual costs and additional personnel needed may vary significantly to the extent that the number of suspensions or revocations changes in future years from fiscal 2013 levels.

### *Additional Hearing Costs*

TTF expenditures may increase further to the extent that the bill results in additional hearings prior to the suspension or revocation of a driver's license. A reliable estimate of the additional cost cannot be made due to considerable uncertainty regarding the effect that the additional notice may have on the percentage of suspension or revocation actions that result in a hearing. It should be noted that the bill only requires notice to be provided, but it does not establish any additional rights to a hearing. Nevertheless, MVA budgets \$100 for each hearing before OAH. Therefore, TTF expenditures may increase significantly beginning in fiscal 2015 to the extent that the number of hearing requests increases.

General fund revenues and expenditures may also increase for OAH to the extent that the bill results in an increase in the number of hearings after the notice required by the bill is provided. The filing fee to be paid to OAH by the individual requesting the hearing is \$125. Therefore, general fund revenues may increase significantly beginning in fiscal 2015 to the extent that the number of hearing requests increases. Similarly, OAH caseloads may also increase to handle any increase in the number of hearings requested, and general fund expenditures may increase to the extent that additional personnel or resources are needed to handle the greater caseloads.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 2, 2014  
ncs/ljm

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