

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 154

(Chair, Environment and Transportation Committee)(By
Request - Departmental - State Police)

Environment and Transportation

Judicial Proceedings

Motor Vehicles – Electronic Inspection Certificates for Used Vehicles

This departmental bill makes permanent the electronic inspection certificate program for used vehicles. **The bill takes effect June 1, 2020.**

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations; minimal cost savings and operational efficiencies attributable to the electronic program continue.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: The Department of State Police (DSP) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: The Automotive Safety Enforcement Division of DSP must prepare inspection certificate forms and provide them without charge to inspection stations. When a licensed dealer that is also an inspection station transfers most types of used vehicles, it is required to prepare an inspection certificate or have one prepared by another inspection station. If any other person transfers a used vehicle, generally the person must obtain an inspection certificate from an inspection station. Before the Motor Vehicle Administration titles and registers a used vehicle, it must require a valid inspection certificate for the vehicle.

An “inspection certificate” is defined as a certification by an inspection station (in a format established by DSP) that certifies that, as of its date, a specified vehicle meets or exceeds equipment standards, and it identifies the inspection station and the registered individual who personally inspected the vehicle.

The Automotive Safety Enforcement Division is authorized to establish standards by regulation for the operation of inspection stations.

Background: Chapter 91 of 2014 required the Automotive Safety Enforcement Division of DSP to establish the manner and format for the submission of an inspection certificate for the transfer of a used vehicle and authorized, but did not require, electronic submission. Chapter 91 also made several changes to the requirements and procedures governing the issuance and display of used vehicle inspection certificates. Generally, Chapter 91 repealed references to a physical certificate, such as requirements to sign and date a certificate and to attach or affix a certificate to a vehicle window. Chapter 91 also removed the requirement that certificates be issued without charge by an inspection station.

Chapter 670 of 2017 extended the termination date for the electronic inspection certificate program for used vehicles by three years. Absent this bill, the changes made by Chapter 91 (and extended by Chapter 670) abrogate on June 30, 2020, and the system of issuing a physical inspection certificate and attaching it to a vehicle window is reinstated.

DSP advises that 1,433 stations participate in the program, and more than 90% of all inspection certifications are now performed electronically. Making the program permanent eliminates the need for paper inspection forms, which stations were previously required to keep for years, and reduces fraud and theft of certificates.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 4, 2020
rh/ljm Third Reader - March 14, 2020
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: **Motor Vehicles - Electronic Inspection Certificates for Used Vehicles - Sunset Extension**

BILL NUMBER: HB 154

PREPARED BY: Thomas Williams

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This legislation extends the sunset date for a program that licensees can voluntarily participate in. There are no mandates. If an inspection station opts into the program it has to pay \$3 per vehicle inspected to the private vendor maintaining the electronic system. MDSP and MVA do not receive any of the fees collected by inspection stations.