

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 285 (Chair, Judicial Proceedings Committee)(By Request -
 Departmental - Transportation)

Judicial Proceedings

Environment and Transportation

Vehicle Registration - Fee Due to Outstanding Warrant - Repeal

This departmental bill repeals the fee that is required to be assessed by the Motor Vehicle Administration (MVA) against an applicant for registration of a motor vehicle who had previously been refused due to an outstanding warrant.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease by an estimated \$135,900 in FY 2025 due to the repeal of the fee. To the extent the State no longer collects fee revenues that it otherwise would have, TTF revenues decrease further, as discussed below. TTF expenditures decrease by about \$2,100 in FY 2025 due to reduced printing costs. Future years reflect annualization.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	(\$135,900)	(\$181,200)	(\$181,200)	(\$181,200)	(\$181,200)
SF Expenditure	(\$2,100)	(\$2,800)	(\$2,800)	(\$2,800)	(\$2,800)
Net Effect	(\$133,800)	(\$178,400)	(\$178,400)	(\$178,400)	(\$178,400)

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

Local Effect: None.

Small Business Effect: The Maryland Department of Transportation has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: Upon notification by a law enforcement agency that an applicant for vehicle registration is named in an outstanding warrant, MVA must refuse to register or transfer the registration of any vehicle owned by the applicant. MVA must continue the refusal to register or transfer the registration until:

- MVA is ordered by a court to register or transfer the registration of the vehicle; or
- a law enforcement agency notifies MVA that (1) the individual named in the outstanding warrant has been arrested or (2) the outstanding warrant has been otherwise satisfied.

Upon receipt of either of the above, MVA must allow the applicant to register the vehicle or transfer the registration (unless it has been restricted under any other provision of the Maryland Vehicle Law).

In addition to any other fee or penalty, the owner of a vehicle refused registration under these provisions must pay a fee established by MVA before renewal of the registration of the vehicle. The fee must be retained by MVA and not credited to the Gasoline and Motor Vehicle Revenue Account (and, as a result, is not shared with local governments).

The procedures described above are in addition to any other penalty provided by law for the failure to meet the demands specified in a warrant. In addition, the requirements may not be construed to require MVA to arrest a person named in an outstanding warrant.

Background: MVA advises that the bill repeals the fee that is charged to vehicle owners whose registration was flagged as the result of having had an active arrest warrant in the past. The restoration fee, intended primarily to cover the administrative costs of enforcing the registration refusal, is unnecessary due to modern infrastructure upgrades to MVA's technology systems. MVA also notes the fee is charged primarily to customers who are already facing financial hardships. The removal of the fee is intended to help streamline MVA's operations without unnecessary financial hardships to customers who can least afford it. Further, MVA advises that owners are able to circumvent the restoration fee on a particular vehicle by registering a different vehicle after the warrant has been satisfied, as the restoration fee is tied to the previously registered vehicle.

State Fiscal Effect: MVA advises that, over the past two years, it has collected approximately \$362,399 in fees due to outstanding arrest warrants. Data from prior years is not readily available due to recent information technology upgrades. Thus, this analysis assumes that MVA collects approximately \$181,200 annually from the fee. Under the bill, that fee is no longer collected and TTF revenues are assumed to decrease by the same

amount each year; in fiscal 2025 only, TTF revenues decrease by approximately \$135,900 due to the bill's October 1, 2024 effective date.

MVA further advises that there is an outstanding balance of about \$1.3 million in uncollected restoration fees; these fees are not referred to the State Central Collection Unit and are unlikely to be collected. Nevertheless, to the extent that some portion of individuals owing those outstanding fees would have otherwise paid, TTF revenues likely decrease further once the bill takes effect. Any such effect cannot be quantified; however, given the history of nonpayment by individuals owing the fee, the revenue decrease is assumed to be minimal.

MVA notes that mailing costs for notices likely decrease negligibly (by an estimated \$2,800 annually).

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 72 (Chair, Environment and Transportation Committee)(By Request - Departmental - Transportation) - Environment and Transportation.

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

Fiscal Note History: First Reader - January 30, 2024
js/ljm Third Reader - February 21, 2024

Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Vehicle Registration - Fee Due to Outstanding Warrant - Repeal

BILL NUMBER: SB 285

PREPARED BY: Maryland Motor Vehicle Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

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