

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1371 (Delegates Minnick and McHale)
Environmental Matters

Boat Liens - Towage Services - Boat Lien Notice System

This bill provides that a person has a lien on a boat for charges incurred for towage services, so long as the person provided service or material at the request of the owner and has custody of the boat with the consent of the owner. The bill establishes a boat lien notice system at the Department of Natural Resources (DNR). A third party is deemed to have notice of a lien if a boat lien notice is on file with DNR, whether or not the lien has been noted on the title document.

Fiscal Summary

State Effect: Minimal increase in expenditures; revenues would not be affected.

Local Effect: None.

Small Business Effect: Potential minimal impact on small businesses as discussed below.

Fiscal Analysis

State Effect: The bill requires DNR to establish a boat lien notice system. This system could be handled with existing personnel, although some additional costs would be incurred due to the printing of forms and data processing requirements. DNR estimates that it could cost approximately \$5,000 overall; however, this amount would vary depending upon the number of such liens filed. No information is currently available on the number of cases that could be filed each year.

Small Business Effect: This bill provides that small businesses that provide towing services

could file a “mechanics’ lien” against a vessel for such services. Such a lien could help these businesses recover costs associated with towing services that are not paid for. However, this lien is applicable for cases when a business has the vessel in custody; in many cases, towing services are provided to the owner’s designated location and the business providing the service does not have custody at the time that a payment is not paid. It is not clear how large of an impact this provision would have on a towing service. At least 14 small businesses provide boat removal and disposal services; it is not known at this time if any additional businesses provide towage services.

In addition, the bill establishes a boat lien notice system in DNR for all relevant mechanics’ liens. It is not entirely clear who would use this system, or if DNR must provide notice to vessel owners of a lien being filed. Since the lien is not recorded on the Maryland Certificate of Title, it is not clear how it will affect the transfer of title to another jurisdiction.

Information Source(s): Department of Natural Resources, Department of Fiscal Services

Fiscal Note History: First Reader - March 10, 1997

brd

Analysis by: Kim E. Wells-McDonnell

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710