

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 409 (Chairman, Judicial Proceedings Committee)
(Departmental - Transportation)

Judicial Proceedings Referred to Commerce and Government Matters

Vehicle Laws - Assurance Fund

This enrolled, departmental bill limits a claim payment from the Assurance Fund of the Motor Vehicle Administration (MVA) to \$100,000. Payment for a single claim may not be made from both the Assurance Fund and from the State Insurance Trust Fund.

Fiscal Summary

State Effect: Potential significant decrease in special fund expenditures. Revenues would not be affected.

Local Effect: None.

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

Fiscal Analysis

State Expenditures: The Assurance Fund was created in 1973 to protect any secured party should the MVA error in filing or recording a lien. The current filing fee is \$20 of which the general fund receives \$14 and the remainder is deposited into the Assurance Fund. (The Comptroller distributes \$5 of the general fund portion to Baltimore City.) After the Assurance Fund reaches a maximum balance of \$25,000, the fees are transferred to the TTF.

In fiscal 1996, \$9.2 million was collected in filing fees, of which the general fund received \$4 million, the Assurance Fund received \$4,422 to cover the claim payments from the previous year and to bring the fund level back to \$25,000, and the remainder was distributed to the TTF.

Historically, claims against the MVA have been capped at \$25,000 despite higher judgments.

There were no cases or claim payments made from this fund in fiscal 1994 and two cases with a total payout of \$4,422 were made in fiscal 1995. However, in fiscal 1996, there were three cases against the MVA for filing errors. Two cases have been settled for a total payout of \$1,621. The third case is still pending but the MVA has been ordered to pay \$288,000. Thus, limiting a claim payment to \$100,000 from the Assurance Fund has the potential to significantly decrease expenditures for future claim payments. Any filing error claim filed with the MVA prior to the effective date of this bill will be decided by the law that is in effect at the time the claim was filed.

Information Source(s): Department of Transportation (Motor Vehicle Administration),
Department of Fiscal Services

Fiscal Note History: First Reader - February 10, 1997
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