

SENATE BILL 344

Unofficial Copy
R4

1998 Regular Session
(8r1908)

ENROLLED BILL
-- Judicial Proceedings/Commerce and Government Matters --

Introduced by **Senator Stone**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 ~~Vehicle Laws -- Automotive Dismantlers and Recyclers and Scrap~~
3 ~~Processors -- Deregulation~~

4 Task Force to Study the Comprehensive Licensing of Automotive-Related
5 Industries

6 FOR the purpose of ~~repealing licensing provisions and certain other provisions that~~
7 ~~regulate the operations of automotive dismantlers and recyclers and scrap~~
8 ~~processors; making conforming changes; and generally relating to the~~
9 ~~deregulation of automotive dismantlers and recyclers and scrap processors~~
10 establishing a Task Force to Study the Comprehensive Licensing of
11 Automotive-Related Industries; specifying the membership of the Task Force;
12 requiring the Motor Vehicle Administrator to assign staff and provide
13 administrative support to the Task Force; requiring the Task Force to study
14 certain matters; requiring the Task Force to report to the Governor and the
15 General Assembly on or before a certain date; providing for the effective date

1 and termination of this Act; and generally relating to the establishment of a
 2 Task Force to Study the Comprehensive Licensing of Automotive-Related
 3 Industries.

4 ~~BY repealing and reenacting, with amendments,~~
 5 ~~Article—Transportation~~
 6 ~~Section 13-113(f) and (g), 13-622, 25-207(f), 25-207.1(e), and 27-101(h)~~
 7 ~~Annotated Code of Maryland~~
 8 ~~(1992 Replacement Volume and 1997 Supplement)~~

9 ~~BY repealing~~
 10 ~~Article—Transportation~~
 11 ~~Section 15-501 through 15-514, inclusive, and the subtitle "Subtitle 5-~~
 12 ~~Automotive Dismantlers and Recyclers and Scrap Processors"; and~~
 13 ~~27-101(e)(10)~~
 14 ~~Annotated Code of Maryland~~
 15 ~~(1992 Replacement Volume and 1997 Supplement)~~

16 ~~BY renumbering~~
 17 ~~Article—Transportation~~
 18 ~~Section 27-101(e)(11) through (26), respectively~~
 19 ~~to be Section 27-101(e)(10) through (25), respectively~~
 20 ~~Annotated Code of Maryland~~
 21 ~~(1992 Replacement Volume and 1997 Supplement)~~

22 Preamble

23 WHEREAS, The movement and sale of vehicles and vehicle parts is among
 24 the largest industry sectors in the U.S. economy; and

25 WHEREAS, The types of businesses represented in this sector include
 26 automotive dismantlers and recyclers, body shops, auctions, scrap processors, towers,
 27 new and used vehicle dealers, wholesalers, and manufacturers; and

28 WHEREAS, In Maryland, many of these businesses, including auctions, body
 29 shops, and towers, are not subject to regulation or licensing by the Motor Vehicle
 30 Administration and are able to avoid detection by other government agencies; and

31 WHEREAS, The lack of consistent regulation and enforcement creates an
 32 unfair advantage for the unlicensed entities operating in the State, making it
 33 competitively disadvantageous to be licensed; and

34 WHEREAS, The unlicensed activity also places the consumer at a
 35 disadvantage; and

1 WHEREAS, It is time to conduct a thorough review of all automotive-related
2 industries to determine the feasibility and scope of a comprehensive licensing law;
3 now, therefore,

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
5 MARYLAND, That ~~the Laws of Maryland~~ read as follows:

6 **~~Article—Transportation~~**

7 ~~13-113.~~

8 (f) (1) ~~Notwithstanding any other provisions to the contrary, an automotive~~
9 ~~dismantler or recycler [licensed under Title 15 of this article] may transfer a vehicle~~
10 ~~that he owns, regardless of the type of ownership document issued for the vehicle, to~~
11 ~~another [licensed] automotive dismantler or recycler or to a licensed dealer, without~~
12 ~~applying for a new certificate of title, as provided in this subsection.~~

13 (2) ~~The automotive dismantler or recycler shall:~~

14 (i) ~~Execute an assignment of title to the transferee automotive~~
15 ~~dismantler or recycler or dealer in the manner and on the form that the~~
16 ~~Administration requires; and~~

17 (ii) ~~Include in the assignment a statement certifying each security~~
18 ~~interest, lien, or other encumbrances on the vehicle.~~

19 (g) ~~If an automotive dismantler or recycler [licensed under Title 15 of this~~
20 ~~article] owns a vehicle declared as salvage and if a salvage certificate has been issued~~
21 ~~for the vehicle under §§ 13-506 and 13-507 of this title, the automotive dismantler or~~
22 ~~recycler may transfer the vehicle to any person, without applying for a new certificate~~
23 ~~of title, by executing an assignment of ownership on the salvage certificate or on the~~
24 ~~form that the Administration otherwise requires.~~

25 ~~13-622.~~

26 (a) ~~If an automotive dismantler and recycler or scrap processor [licensed~~
27 ~~under Title 15 of this article] owns a vehicle that is mainly used in his business and~~
28 ~~that otherwise is required to be registered under this title, he may apply to the~~
29 ~~Administration for the issuance of as many special, recycler registration plates as the~~
30 ~~Administration authorizes.~~

31 (b) ~~[A licensed] AN automotive dismantler and recycler or scrap processor~~
32 ~~may drive, under any one recycler registration plate issued to him:~~

33 (1) ~~Any used vehicle owned by him and mainly used in his business; and~~

34 (2) ~~Any vehicle in his possession, but not owned by him, if he has the~~
35 ~~consent of the owner of the vehicle to this use.~~

1 (e) When operating a vehicle with special recycler registration plates outside
2 of this State, ~~[a licensed] AN automotive dismantler and recycler or scrap processor~~
3 ~~shall operate the vehicle exclusively for the business purposes of automotive~~
4 ~~dismantling and recycling or scrap processing.~~

5 ~~{Subtitle 5. Automotive Dismantlers and Recyclers and Scrap Processors.}~~

6 ~~{15-501.~~

7 (a) ~~In this subtitle the following words have the meanings indicated.~~

8 (b) (1) ~~"Automotive dismantler and recycler" means a person in the business~~
9 ~~of:~~

10 (i) ~~Dismantling, destroying, or scrapping any vehicle for the~~
11 ~~purpose of reselling any of its usable parts; or~~

12 (ii) ~~Otherwise acquiring vehicles for the benefit of their parts or the~~
13 ~~materials in them.~~

14 (2) ~~Notwithstanding any provision to the contrary, any reference to a~~
15 ~~wrecker in any statute, rule, or regulation shall apply to an automotive dismantler~~
16 ~~and recycler.~~

17 (c) ~~"License" means an automotive dismantler's or recycler's or scrap~~
18 ~~processor's license issued by the Administration under this subtitle.~~

19 (d) ~~"Scrap processor" means a person in a business:~~

20 (1) ~~That has facilities for processing iron, steel, and nonferrous scrap~~
21 ~~metal; and~~

22 (2) ~~The principal product of which is scrap iron, scrap steel, and~~
23 ~~nonferrous scrap for sale only for resmelting purposes.~~

24 (e) ~~"Vehicle" means any vehicle, or the body or chassis of any vehicle, that is to~~
25 ~~be dismantled, destroyed, or scrapped.]~~

26 ~~{15-502.~~

27 (a) ~~A person may not conduct the business of an automotive dismantler and~~
28 ~~recycler or a scrap processor, or engage in the business of acquiring or offering to~~
29 ~~purchase or remove vehicles which are to be dismantled in whole or in part by that~~
30 ~~person for the sale of usable parts, unless the person is licensed by the Administration~~
31 ~~under this subtitle.~~

32 (b) (1) ~~A person may not advertise for the purchase, towing, or removal of~~
33 ~~junk or abandoned vehicles unless the person is licensed by the Administration under~~
34 ~~this subtitle.~~

1 (2) Any advertisement for the purchase, towing, or removal of junk or
2 abandoned vehicles by a licensee under this subtitle shall include the license number
3 of the licensee.

4 (e) A person may not store on any private property for more than 30 days any
5 vehicle that is to be dismantled, destroyed, or scrapped, unless the person is an
6 automotive dismantler and recycler or a scrap processor licensed under this subtitle.

7 (d) This section does not prohibit an unlicensed person from transporting a
8 vehicle to a licensed automotive dismantler and recycler or a licensed scrap processor
9 for dismantling, destroying, or scrapping.}]

10 ~~{15-503.-~~

11 (a) A person may not be licensed under this subtitle unless:

12 (1) The business to be conducted under the license is conducted from a
13 building that is adequate and appropriate for the business;

14 (2) That business has a storage area large enough for at least 25
15 vehicles; and

16 (3) At the fixed location from which the business is conducted, as
17 specified in the application, there is a substantial and legible sign:

18 (i) That advertises the type of business conducted at the location;
19 and

20 (ii) That is placed in a way so as to be seen readily by the public.

21 (b) A person may not be licensed as a scrap processor unless the person
22 maintains the following equipment suitable for processing vehicle scrap:

23 (1) A hydraulic baler and shears;

24 (2) A shredder; or

25 (3) Any other suitable equipment that the Administration requires by
26 rule or regulation.

27 (e) A person licensed under this subtitle at a fixed location, as specified in the
28 application, on or before December 31, 1985, and the person's successors or assigns,
29 may not be refused permission to operate at the fixed location solely because any
30 portion of the fixed location is within the 100-year floodplain of waters of the State as
31 defined in § 8-101 of the Natural Resources Article.}]

32 ~~{15-504.-~~

33 The Administration shall submit a copy of each application for a license under
34 this subtitle to the Department of Health and Mental Hygiene, for its comments on
35 matters relating to air pollution and health.}]

1 ~~{15-505.~~

2 (a) Each licensee shall pay an annual fee to the Administration for each
3 license year or part of a license year for which the license is issued.

4 (b) The annual license fee shall be established by the Administration.]

5 ~~{15-506.~~

6 A license issued under this subtitle authorizes the licensee to conduct the
7 business of an automotive dismantler and recycler or scrap processor, as the case may
8 be, during the license year for which it is issued.]

9 ~~{15-507.~~

10 (a) Except as provided in subsection (c) of this section, any person who
11 transfers a vehicle to an automotive dismantler and recycler or scrap processor shall
12 execute an assignment and warranty of title on:

13 (1) The certificate of title issued for the vehicle by this State or any other
14 state; or

15 (2) Any other documentary evidence of ownership acceptable to the
16 Administration.

17 (b) Except as provided in subsection (c) of this section, any person who
18 transfers a vehicle to an automotive dismantler and recycler or scrap processor shall
19 deliver the certificate of title or other documentary evidence of ownership to the
20 automotive dismantler and recycler or scrap processor at the time of the transfer.

21 (c) If a person holds an assigned certificate of title or any other documentary
22 evidence of ownership acceptable to the Administration, the person:

23 (1) May transfer the vehicle to an automotive dismantler and recycler or
24 scrap processor by endorsing a reassignment and warranty of title on the forms that
25 the Administration requires; and

26 (2) Need not obtain a certificate of title in the person's own name.]

27 ~~{15-508.~~

28 (a) Within 30 days after an automotive dismantler and recycler or scrap
29 processor acquires title to a vehicle, the automotive dismantler and recycler or scrap
30 processor shall notify the Administration of the acquisition.

31 (b) The notice shall be given in the form that the Administration requires.

32 (c) Immediately after giving the required notice the automotive dismantler
33 and recycler or scrap processor may dispose of the vehicle for dismantling or
34 scrapping.]

1 ~~[15-509.-~~

2 (a) This section does not apply to any abandoned vehicle that is 8 years old or
3 older and is totally inoperable.

4 (b) ~~If an automotive dismantler and recycler or scrap processor takes
5 possession of a vehicle and does not receive a certificate of title or other documentary
6 evidence of ownership acceptable to the Administration, the automotive dismantler
7 and recycler or scrap processor shall comply with this section.~~

8 (c) ~~After the vehicle has been in the possession of the automotive dismantler
9 and recycler or scrap processor for more than 30 days, the automotive dismantler and
10 recycler or scrap processor shall give at least 10 days' notice of intent to dispose of the
11 vehicle. The notice shall be sent by certified mail, return receipt requested, bearing a
12 postmark from the United States Postal Service, to:~~

13 (1) The owner of the vehicle and any secured party, as shown on the
14 records of the Administration; or

15 (2) Any other person who is entitled to possession of the vehicle and
16 whose address is known or reasonably can be obtained.

17 (d) (1) The automotive dismantler and recycler or scrap processor takes
18 unencumbered title to the vehicle, without having to obtain a certificate of title for it
19 in his own name, if:

20 (i) He has complied with this section; and

21 (ii) Except as provided in paragraph (2) of this subsection, the
22 vehicle has not been recovered or reclaimed, before the end of the 10 day period
23 specified in the notice, by the owner, secured party, or other person entitled to its
24 possession.

25 (2) ~~If the address of the owner, secured party, or other person entitled to
26 possession of the vehicle cannot be obtained from the records of the Administration or
27 by the exercise of reasonable diligence, the automotive dismantler and recycler or
28 scrap processor takes unencumbered title to the vehicle, without having to obtain a
29 certificate of title in his own name, after the vehicle has been in his possession for 30
30 days.~~

31 (e) ~~If an automotive dismantler and recycler or scrap processor takes title to a
32 vehicle under this section, the automotive dismantler and recycler or scrap processor
33 shall certify this fact to the Administration. The certification shall be made in the
34 form that the Administration requires and sent to the Administration within 5 days
35 after the automotive dismantler and recycler or scrap processor takes title.]~~

36 ~~[15-511.-~~

37 (a) Each automotive dismantler and recycler and each scrap processor shall
38 keep an accurate and complete record of all vehicles acquired in his business.

1 (b) The records shall contain, for each vehicle acquired:

2 (1) The name and address of the person from whom the vehicle was
3 acquired;

4 (2) The date on which it was acquired;

5 (3) Documentary evidence acceptable to the Administration of ownership
6 of the vehicle; and

7 (4) Any other information that the Administration requires.]

8 ~~[15-513.-~~

9 (a) An automotive dismantler and recycler may not store vehicles at his place
10 of business at a density of more than 250 vehicles for any 1 acre if the vehicles are not
11 crushed.

12 (b) (1) An automotive dismantler and recycler may not store vehicles at the
13 automotive dismantler and recycler's place of business at a density of more than 500
14 vehicles per acre if the vehicles are crushed.

15 (2) Crushed vehicles may not be stored on more than 1 acre per place of
16 business.].

17 ~~[15-514.-~~

18 Refusal, suspension, or revocation of license. In addition to the other grounds
19 specified in Subtitle 1 of this title for refusal, suspension, or revocation of a license,
20 the Administration may refuse to grant a license under this subtitle to any person and
21 may suspend, revoke, or refuse to renew the license of any person if it finds that the
22 person has violated any applicable rule or regulation of the Department of Health and
23 Mental Hygiene.].

24 ~~25-207.-~~

25 (f) A vehicle retained for public purposes under subsection (e) of this section:

26 (1) May be dismantled or disassembled for the purpose of using its
27 component parts; and

28 (2) When no longer usable for public purposes, may at the discretion of
29 the police department, without further notice, be sold at public auction as provided in
30 this subtitle or transferred by the police department to a scrap processor [licensed
31 under § 15-502 of this article].

32 ~~25-207.1.-~~

33 (e) Any vehicle retained for use under this section:

1 (1) May not be dismantled or disassembled for the purpose of using its
2 component parts; and

3 (2) When no longer usable for public purposes, shall be transferred by
4 the police department to a scrap processor [~~licensed under § 15-502 of this article~~].

5 ~~27-101.~~

6 (e) ~~Any person who is convicted of a violation of any of the provisions of the~~
7 ~~following sections of this article is subject to a fine of not more than \$500 or~~
8 ~~imprisonment for not more than 2 months or both:~~

9 [(10) § 15-502(c) ("Storage of certain vehicles by unlicensed persons
10 prohibited");]

11 (h) Any person who is convicted of a violation of any of the provisions of [~~§~~
12 ~~15-502(a) of this article ("License required"), § 16-303(a), (b), (c), (d), (e), (f), or (g) of~~
13 ~~this article ("Driving while license is canceled, suspended, refused, or revoked"), §~~
14 ~~17-107 of this article ("Prohibitions"), or § 17-110 of this article ("Providing false~~
15 ~~evidence of required security") is subject to:~~

16 (1) For a first offense, a fine of not more than \$1,000, or imprisonment
17 for not more than 1 year, or both; and

18 (2) For any subsequent offense, a fine of not more than \$1,000, or
19 imprisonment for not more than 2 years, or both.

20 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) ~~27-101(e)(11)~~
21 ~~through (26), respectively, of Article Transportation of the Annotated Code of~~
22 ~~Maryland be renumbered to be Section(s) 27-101(e)(10) through (25), respectively.~~

23 (a) There is a Task Force to Study the Comprehensive Licensing of
24 Automotive-Related Industries.

25 (b) The Task Force consists of the following ~~15~~ 17 members:

26 (1) Two members of the Senate of Maryland, appointed by the President
27 of the Senate, one of whom shall be designated by the President as Co-Chairman of
28 the Task Force;

29 (2) Two members of the Maryland House of Delegates, appointed by the
30 Speaker of the House, one of whom shall be designated by the Speaker as
31 Co-Chairman of the Task Force; and

32 (3) One representative from each of the following industry or
33 government sectors, appointed by the Governor:

34 (i) Auto dismantlers and recyclers - early model salvage;

35 (ii) Auto dismantlers and recyclers - late model salvage;

- 1 (iii) Auctions;
- 2 (iv) Scrap processors;
- 3 (v) Body shops;
- 4 (vi) Used auto parts distributors;
- 5 (vii) New and used vehicle dealerships;
- 6 (viii) The towing industry;
- 7 (ix) Auto salvage pool;
- 8 (x) The Motor Vehicle Administration;
- 9 ~~(ix)~~ (xi) The Vehicle Theft Prevention Council;
- 10 ~~(x)~~ (xii) Local law enforcement from jurisdictions currently
 11 regulating towers; and
- 12 ~~(xi)~~ (xiii) The Maryland State Police Auto Theft Unit.

13 (c) The Motor Vehicle Administrator shall assign staff and provide
 14 administrative support to the Task Force.

15 (d) The Task Force shall study the scope of unlicensed activity in
 16 automotive-related industries, the feasibility of and standards for licensing of
 17 currently unlicensed businesses, and the resources necessary to effectively enforce a
 18 comprehensive licensing law.

19 (e) The Task Force shall report its findings and recommendations to the
 20 Governor and in accordance with § 2-1246 of the State Government Article, the
 21 General Assembly on or before December 1, 1998.

22 SECTION 3-2. AND BE IT FURTHER ENACTED, That this Act shall take
 23 effect ~~October~~ June 1, 1998. It shall remain effective for a period of 7 months and, at
 24 the end of December 31, 1998, with no further action required by the General
 25 Assembly, this Act shall be abrogated and of no further force and effect.