

By: **Senator Stone**  
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Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 25, 1998

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~~  
16 ~~and termination of this Act; and generally relating to the establishment of a~~  
17 ~~Task Force to Study the Comprehensive Licensing of Automotive-Related~~  
18 ~~Industries.~~

19 ~~BY~~ repealing and reenacting, with amendments,  
20 ~~Article – Transportation~~  
21 ~~Section 13-113(f) and (g), 13-622, 25-207(f), 25-207.1(e), and 27-101(h)~~  
22 ~~Annotated Code of Maryland~~  
23 ~~(1992 Replacement Volume and 1997 Supplement)~~

1 ~~BY~~ repealing

2 ~~Article—Transportation~~

3 ~~Section 15-501 through 15-514, inclusive, and the subtitle "Subtitle 5.~~

4 ~~Automotive Dismantlers and Recyclers and Scrap Processors"; and~~

5 ~~27-101(e)(10)~~

6 ~~Annotated Code of Maryland~~

7 ~~(1992 Replacement Volume and 1997 Supplement)~~

8 ~~BY~~ renumbering

9 ~~Article—Transportation~~

10 ~~Section 27-101(e)(11) through (26), respectively~~

11 ~~to be Section 27-101(e)(10) through (25), respectively~~

12 ~~Annotated Code of Maryland~~

13 ~~(1992 Replacement Volume and 1997 Supplement)~~

14 Preamble

15 WHEREAS, The movement and sale of vehicles and vehicle parts is among

16 the largest industry sectors in the U.S. economy; and

17 WHEREAS, The types of businesses represented in this sector include

18 automotive dismantlers and recyclers, body shops, auctions, scrap processors, towers,

19 new and used vehicle dealers, wholesalers, and manufacturers; and

20 WHEREAS, In Maryland, many of these businesses, including auctions, body

21 shops, and towers, are not subject to regulation or licensing by the Motor Vehicle

22 Administration and are able to avoid detection by other government agencies; and

23 WHEREAS, The lack of consistent regulation and enforcement creates an

24 unfair advantage for the unlicensed entities operating in the State, making it

25 competitively disadvantageous to be licensed; and

26 WHEREAS, The unlicensed activity also places the consumer at a

27 disadvantage; and

28 WHEREAS, It is time to conduct a thorough review of all automotive-related

29 industries to determine the feasibility and scope of a comprehensive licensing law;

30 now, therefore,

31 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

32 MARYLAND, That ~~the Laws of Maryland read as follows:~~

33 ~~**Article—Transportation**~~

34 ~~13-113.~~

35 ~~(f) (1) Notwithstanding any other provisions to the contrary, an automotive~~

36 ~~dismantler or recycler [licensed under Title 15 of this article] may transfer a vehicle~~

1 that he owns, regardless of the type of ownership document issued for the vehicle, to  
 2 another [licensed] automotive dismantler or recycler or to a licensed dealer, without  
 3 applying for a new certificate of title, as provided in this subsection.

4 (2) The automotive dismantler or recycler shall:

5 (i) Execute an assignment of title to the transferee automotive  
 6 dismantler or recycler or dealer in the manner and on the form that the  
 7 Administration requires; and

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

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

16 ~~13-622.~~

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

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

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

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

27 (c) ~~When operating a vehicle with special recycler registration plates outside~~  
 28 ~~of this State, [a licensed] AN automotive dismantler and recycler or scrap processor~~  
 29 ~~shall operate the vehicle exclusively for the business purposes of automotive~~  
 30 ~~dismantling and recycling or scrap processing.~~

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

32 ~~{15-501.~~

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

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

1 (i) Dismantling, destroying, or scrapping any vehicle for the  
2 purpose of reselling any of its usable parts; or

3 (ii) Otherwise acquiring vehicles for the benefit of their parts or the  
4 materials in them.

5 (2) Notwithstanding any provision to the contrary, any reference to a  
6 wrecker in any statute, rule, or regulation shall apply to an automotive dismantler  
7 and recycler.

8 (e) "License" means an automotive dismantler's or recycler's or scrap  
9 processor's license issued by the Administration under this subtitle.

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

11 (1) That has facilities for processing iron, steel, and nonferrous scrap  
12 metal; and

13 (2) The principal product of which is scrap iron, scrap steel, and  
14 nonferrous scrap for sale only for remelting purposes.

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

17 [15-502.

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

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

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

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

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

35 [15-503.

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

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

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

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

7                   (i)     That advertises the type of business conducted at the location;  
8 and

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

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

12           (1)     A hydraulic baler and shears;

13           (2)     A shredder; or

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

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

21 ~~{15-504.-~~

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

25 ~~{15-505.-~~

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

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

29 ~~{15-506.-~~

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

1 ~~{15-507.-~~

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

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

7 (2) Any other documentary evidence of ownership acceptable to the  
8 Administration.

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

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

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

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

19 ~~{15-508.-~~

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

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

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

27 ~~{15-509.-~~

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

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

34 (c) After the vehicle has been in the possession of the automotive dismantler  
35 and recycler or scrap processor for more than 30 days, the automotive dismantler and  
36 recycler or scrap processor shall give at least 10 days' notice of intent to dispose of the

1 vehicle. The notice shall be sent by certified mail, return receipt requested, bearing a  
2 postmark from the United States Postal Service, to:

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

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

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

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

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

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

21 (e) If an automotive dismantler and recycler or scrap processor takes title to a  
22 vehicle under this section, the automotive dismantler and recycler or scrap processor  
23 shall certify this fact to the Administration. The certification shall be made in the  
24 form that the Administration requires and sent to the Administration within 5 days  
25 after the automotive dismantler and recycler or scrap processor takes title.]

26 [15-511-

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

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

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

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

33 (3) Documentary evidence acceptable to the Administration of ownership  
34 of the vehicle; and

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

1 ~~{15-513.-~~

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

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

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

10 ~~{15-514.-~~

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

17 ~~25-207.-~~

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

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

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

25 ~~25-207.1.-~~

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

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

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

31 ~~27-101.-~~

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



1            ~~[(10) § 15-502(c)("Storage of certain vehicles by unlicensed persons~~  
2 ~~prohibited");]~~

3            (h) Any person who is convicted of a violation of any of the provisions of [~~§~~  
4 ~~15-502(a) of this article ("License required"), § 16-303(a), (b), (c), (d), (e), (f), or (g) of~~  
5 ~~this article ("Driving while license is canceled, suspended, refused, or revoked"), §~~  
6 ~~17-107 of this article ("Prohibitions"), or § 17-110 of this article ("Providing false~~  
7 ~~evidence of required security") is subject to:~~

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

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

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

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

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

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

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

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

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

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

28           (iii) Auctions;

29           (iv) Scrap processors;

30           (v) Body shops;

31           (vi) Used auto parts distributors;

32           (vii) New and used vehicle dealerships;

33           (viii) The Motor Vehicle Administration;

- 1                   (ix)     The Vehicle Theft Prevention Council;
- 2                   (x)     Local law enforcement from jurisdictions currently regulating  
3 towers; and
- 4                   (xi)     The Maryland State Police Auto Theft Unit.
- 5     (c)     The Motor Vehicle Administrator shall assign staff and provide  
6 administrative support to the Task Force.
- 7     (d)     The Task Force shall study the scope of unlicensed activity in  
8 automotive-related industries, the feasibility of and standards for licensing of  
9 currently unlicensed businesses, and the resources necessary to effectively enforce a  
10 comprehensive licensing law.
- 11     (e)     The Task Force shall report its findings and recommendations to the  
12 Governor and in accordance with § 2-1246 of the State Government Article, the  
13 General Assembly on or before December 1, 1998.
- 14     SECTION ~~3.~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take  
15 effect ~~October~~ June 1, 1998. It shall remain effective for a period of 7 months and, at  
16 the end of December 31, 1998, with no further action required by the General  
17 Assembly, this Act shall be abrogated and of no further force and effect.