

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

House Bill 1022 (Delegate Redmer)

Commerce and Government Matters

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**Motor Vehicle Administration - Dishonored Checks - Aggrieved Party's  
Remedy**

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This bill requires the Motor Vehicle Administration (MVA) to provide to an aggrieved party the home address and the next change of home address of a licensee who passes a dishonored check. A licensee who uses a driver's license as identification for check writing purposes is deemed to have consented to the disclosure of the information. The MVA must assess a \$25 service charge on the licensee and a \$5 service charge on the aggrieved party for administrative costs.

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**Fiscal Summary**

**State Effect:** Indeterminate, but potentially significant, increase in Transportation Trust Fund (TTF) expenditures and revenues.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Fiscal Analysis**

**State Expenditures:** It is not known how many checks are returned in a given year. As a point of reference, the State of Maryland receives about 11 million checks annually and of these about 96,000 are returned. Additionally, the District Court reports that there were 2,900 criminal violations of writing bad checks in fiscal 1997. The bill applies only to checks in which the bearer presented a Maryland driver's license for proof of identification. This would eliminate most returned checks that were sent though the mail or personal checks between individuals.

The MVA believes that aggrieved parties will utilize this MVA service for 100,000 returned checks each year. They further believe that one employee can process 20 requests for

addresses per day. Based on these assumptions, the MVA advises that it will require 19 Fiscal Clerks, three Fiscal Account Supervisors, one Fiscal Specialist, and one Fiscal Administrator. These employees would work in a newly created centralized unit that would handle the request for address information and subsequent billing of fees. Additionally, the MVA advises that a toll-free phone system would be required with four Customer Service Representatives to field calls from licensees who were assessed the \$25 fee and calls regarding how to access address information. The MVA further advises that computer programming expenditures could increase by an estimated \$250,000 to modify the computer programs to accept a new accounts receivable system and to flag accounts for change of address.

Based on MVA estimates, TTF expenditures could increase by an estimated \$1,675,159 in fiscal 1999, which accounts for the bill's October 1, 1998 effective date. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses for personnel in the amount of \$802,169; computer programming costs of \$250,000; and a toll-free phone system costing \$623,000. Future year expenditures of approximately \$900,000 annually reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The Department of Legislative Services (DLS) advises that much of the above costs may not be justified. Some of the work associated with providing addresses to aggrieved parties may be performed at MVA branch locations, which would appear to be more convenient for the aggrieved party. While this may increase overtime costs at some branches, all branch offices may not be operating at full capacity. Further, it is expected that the MVA will automate some of the bill's requirements by flagging accounts in order to alert the aggrieved party of a licensee's address change. DLS advises that if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce computer programming costs associated with this bill and other legislation affecting the MVA system. Therefore, DLS advises that the above MVA estimates for personnel and computer programming is overstated.

A centralized unit may only be necessary to assess the \$25 fee to the licensee who wrote the returned check and to process payments, but not to provide the address to the aggrieved party. Should a centralized unit be required, DLS notes that the MVA estimate of an employee's workload capacity is underestimated. It is assumed that one employee could process more than 20 transactions in a day. Furthermore, while it is reasonable to assume that some amount of calls will be made to the MVA to question the new system, the total sum of all involved licensees will not make telephone inquiries as the MVA has estimated. Again, branch offices would be able to handle an increased volume of phone calls and could answer questions regarding returned checks. Therefore, the additional phone lines and Customer Service Representatives may not be necessary.

However, it should be noted that the actual amount of requests for addresses that will occur as a result of the bill is not known. The actual increase in workload and expenditures will depend on the number of such requests. The number of requests will depend in part on (1) the use of collection agencies as an alternative to the MVA remedy; and (2) the dollar amounts of returned checks as aggrieved parties may not pursue the licensee through this mechanism for small checks.

**State Revenues:** The bill allows the MVA to assess a \$5 fee on the aggrieved party and a \$25 fee on the licensee when there is a request for an address as outlined in the bill. If there are 100,000 requests annually, the MVA will collect \$500,000 from the person requesting the address. The \$25 fee assessed on the licensee may be more difficult to collect. However, if payment of the fee can be tied to license or registration renewals, it is assumed that the majority of the fees will be collected.

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**Information Source(s):** Department of Transportation (Motor Vehicle Administration), Judiciary (The District Court), Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 1998

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