

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE**Revised**

House Bill 1274 (Delegate McClenahan)

Commerce and Government Matters

**Vehicle Laws - Motor Vehicle Administration - Reporting of Insurance
Policies Issued - Recovery of Evidence of Registration**

This bill authorizes the Motor Vehicle Administration (MVA) to use a portion of the revenue that it retains from uninsured motorist penalties to contract with independent agents to assist in the recovery of tags of uninsured vehicles. The MVA may not spend more than \$1.0 million annually on tag recovery. The amount is subject to an annual budget appropriation or the budget amendment procedures subject to specified requirements.

MVA may establish and implement a system for each insurer or provider of the required automobile insurance to report to the MVA all policies issued for each vehicle registered in the State. However, the MVA may not require mandatory participation by any insurer in the reporting system before July 1, 2000. Further, the MVA must operate this system itself without the assistance of an outside entity and may not disclose or allow the bulk purchase of any insurance information submitted by insurers or providers.

Fiscal Summary

State Effect: The FY 1999 budget includes \$963,000 for the MVA to implement an insurance reporting system as authorized by the bill. The tag recovery provisions of the bill would not affect expenditures as the bill alters the purposes for which Transportation Trust funds may be used. Potential indeterminate increase in revenue.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Background: Chapter 666 of 1996 authorized the MVA to contract with private agents to recover tags when the registration has been suspended for lack of proper insurance coverage. Currently, the Maryland Automobile Insurance Fund (MAIF) partners with the MVA in the

tag recovery effort. In fiscal 1998, MAIF contributes \$150,000 for the reimbursement of recovery agents, while the MVA provides system resources and covers operational costs. At a rate of \$50 per registration recovered, this amount funds the recovery of 3,000 sets of tags. In fiscal 1997, the MVA suspended 183,400 registrations for insurance coverage violations.

State Expenditures: The MVA may assess an administrative penalty of at least \$150 for improperly insured vehicles. The MVA retains 30% of the penalty revenues collected. In fiscal 1997, the MVA collected total penalties in the amount of \$22.5 million and retained approximately \$6.75 million. This bill would authorize, but not require, the MVA to use up to \$1 million of these funds to contract with private agents to recover tags. It is not known to what extent the MVA will exercise this option or if other MVA programs or functions would lose funding as a result. It is assumed that the bill would eliminate the need for MAIF funding.

The fiscal 1999 budget includes \$963,000 to implement the insurance reporting program. However, the bill will limit the MVA from requiring mandatory participation from insurers until July 1, 2000.

State Revenues: This bill would increase the funds available for the tag recovery program. Consequently, if the MVA chooses to use the funds, the MVA may recover a greater number of tags from uninsured motorists than in previous years. In order to regain their tags, these motorists would need to obtain the necessary insurance, pay the penalty assessed by the MVA, and renew their registrations for a full two years. Any time remaining on current registrations would be forfeited. To the extent that the increased tag recovery effort results in a greater number of people re-registering their vehicles and paying penalties, Transportation Trust Fund revenues could increase.

Information Source(s): Department of Transportation (Motor Vehicle Administration), Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - March 17, 1998
lc Revised - House Third Reader - April 3, 1998
Revised - Enrolled Bill - April 28, 1998

Analysis by: Jody J. Minnich	Direct Inquiries to:
Reviewed by: John Rixey	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710