

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 694 (Senator Della)

Judicial Proceedings

Vehicle Laws - Collection of Excise Tax by Title Services - Commission

This bill authorizes a title service company that collects the excise tax on behalf of the Motor Vehicle Administration (MVA) to retain 1.2% of the excise tax collected in the same manner as a licensed dealer. The bill also provides that a title service company that collects the excise tax on behalf of the MVA is required to meet the same requirements for record keeping and the collection of taxes and fees as a licensed dealer. They are also subject to the same penalties.

Fiscal Summary

State Effect: Indeterminate decrease in Transportation Trust Fund (TTF) revenues. Expenditures would not be affected.

Local Effect: Indeterminate decrease in revenues.

Small Business Effect: Meaningful effect on small businesses as discussed below.

Fiscal Analysis

State Revenues: Title service companies provide titling services for licensed dealers and individuals. When providing services for individuals (i.e., private transactions), title service companies collect the excise tax on behalf of the MVA. The number of private transactions provided by title service companies is unknown but it is assumed to be minimal. For illustrative purposes, if such companies perform 2,000 private transactions monthly and an average of \$346 is collected in the excise tax per titling transaction, then total revenues could decrease by approximately \$99,600 annually.

Local governments receive 24% of titling tax revenues, so the TTF loss would be approximately \$75,700 each year.

Local Revenues: As noted above, local governments receive 24% of titling tax revenues. Therefore, local government revenues could decrease by approximately \$23,900 each year.

Small Business Effect: There are approximately 70 title service companies in the State. Allowing title service companies to retain 1.2% of the excise tax could have a meaningful effect on such companies, nearly all of which are small businesses. Depending on the number of private transactions and the amount of the excise tax collected per transaction, a title service company could experience a significant increase in revenue.

It is assumed that requiring the same record keeping and collection of taxes and fines as licensed dealers would not have a meaningful impact on the operations or finances of title service companies.

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

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