

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 658 (Delegate Minnick)

Commerce and Government Matters

Vehicle Laws - Sale of Used Vehicles - Inspections

The bill allows a “proof of inspection certificate”, in lieu of the required inspection certificate, to be attached to a window of a used vehicle offered for sale by any individual that is not a licensed dealer. A “proof of inspection certificate” indicates that a vehicle failed an inspection and needs specified repairs in order to pass inspection. The Automotive Safety Enforcement Division of the Department of State Police must prepare the proof of inspection certificate forms and provide them to inspections stations without charge. Any person selling a used vehicle without either certification is subject to a fine of up to \$250. Under current law, the seller of a used vehicle is supposed to obtain the regular inspection certificate prior to the sale.

Fiscal Summary

State Effect: General fund expenditures would increase by approximately \$6,800 in FY 1999; future year increases reflect annualization and inflation. Minimal general fund revenue increase from the bill’s penalty provision.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	-	-	-	-	-
GF Expenditures	\$6,800	\$9,100	\$9,200	\$9,300	\$9,400
Net Effect	(\$6,800)	(\$9,100)	(\$9,200)	(\$9,300)	(\$9,400)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: Potential meaningful.

Fiscal Analysis

Bill Summary: The bill further provides that if a vehicle was repossessed by a lienholder, the subsequent transferee of the vehicle must obtain the required inspection certificate. Before any inspection certificate or proof of inspection certificate can be issued by an inspection station, the individual seeking to obtain such certificates must prove ownership of the vehicle in the form of a title or registration card. Additionally, this bill provides that an inspection certificate is not required for the transfer of an historic vehicle.

State Expenditures: It is estimated that 400,000 used vehicles are sold annually by private individuals. It is assumed that 75% of these vehicles would fail inspection and the owners would choose to use proof of inspection certificates instead of the regular inspection certificates. The buyers of such vehicles would then obtain the regular inspection certificate prior to the transfer of title. The Automotive Safety Enforcement Division of the Department of State Police would be required to purchase and distribute approximately 300,000 proof of inspection certificate forms at a cost of \$.03 each. Therefore, general fund expenditures would increase by approximately \$6,800 in fiscal 1999 (reflects the bill's October 1, 1998 effective date) and by about \$9,000 annually thereafter.

Small Business Effect: There are approximately 1,600 licensed inspection stations in the State. Generally, these stations charge between \$30 and \$60 to complete an inspection. Buyers of vehicles which have only a proof of inspection will be required to return to an inspection station to have the vehicle repaired and reinspected in order to have ownership transferred. Assuming 300,000 vehicles have only the proof of inspection at the time of sale, there would be a significant increase in the volume of business for small inspection stations.

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

Fiscal Note History: First Reader - February 19, 1998

ncs

Analysis by: Jody J. Minnich

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710