

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 61 (Delegate Wood) (Task Force to Study the Comprehensive
 Licensing of Automotive-Related Industries)
Commerce and Government Matters

Vehicle Law - Automotive-Related Industries - Regulation

This bill provides for the regulation of certain automotive-related industries and business practices under the Maryland Vehicle Law.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures would increase by \$239,100 in FY 2000. Future years reflect annualization, inflation, and ongoing personnel expenditures. Potential significant increase in general fund revenue. Minimal increase in TTF revenue and general fund expenditures.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	-	-	-	-	-
SF Revenues	-	-	-	-	-
GF Expenditures	-	-	-	-	-
SF Expenditures	\$239,100	\$207,400	\$214,600	\$222,100	\$229,900
Net Effect	(\$239,100)	(\$207,400)	(\$214,600)	(\$222,100)	(\$229,900)

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

Local Effect: Minimal. Any potential increase or decrease in local incarceration costs stemming from this bill is not expected to significantly affect local expenditures.

Small Business Effect: Meaningful.

Fiscal Analysis

Bill Summary: This bill requires a person who operates an automotive repair facility to keep accurate records at that facility. The records should reflect:

- (1) the name and address of the owner of each motor vehicle repaired or stored at the facility;
- (2) the date each vehicle was left;
- (3) the year, model, and vehicle identification number of each vehicle; and
- (4) proof of ownership or proof of right of possession for any parts of motor vehicles at the facility.

Additionally, the bill requires a person who operates a vehicle storage facility to keep records at that facility reflecting:

- (1) the name and address of the individual who requested storage of each vehicle;
- (2) the date that each vehicle was brought into the facility;
- (3) the year, model, and, if available, the vehicle identification number of each vehicle; and
- (4) the date and manner of disposition of each vehicle.

Such records are required to be kept for at least 3 years. The records and the vehicles and parts for which the records are required must be available for inspection by the Motor Vehicle Administration (MVA) or by a police officer during normal business hours. Violators of this provision are subject to a civil penalty not exceeding \$500 for a first offense and \$1,000 for a second or subsequent offense. The bill expands the authority of the MVA to issue citations to include activity related to the maintenance of and access to required business records and unlicensed business activity. The bill provides for the contents of such citations and gives the District Court exclusive original jurisdiction in the civil penalty proceedings.

This bill also modifies provisions governing auctioneer records by granting police officers a right of inspection and by prescribing identical civil penalties. The bill also provides that the operator of any tow truck that is not registered as such is subject to the existing penalty of \$3,000 by eliminating the qualification that the tow truck is operated “for hire.”

The bill authorizes the MVA to sue for injunctive relief against a person who is engaged in continuing conduct that violates licensing provisions and that may result in substantial harm to another person. The MVA may also collect a civil penalty and administrative expenses by a civil action commenced in the District Court.

Finally, the bill modifies the maximum penalties applicable to an individual who operates as an automotive dismantler and recycler or scrap processor without the required license. The penalty is reduced from a maximum of 1 year for the first offense and 2 years for a second or subsequent offense to a maximum of 6 months for the first offense and 1 year for subsequent offenses. The bill alters the monetary penalty only for subsequent offenses. It is increased from a maximum of \$1,000 to a maximum of \$2,000.

State Revenues: The bill provides for new and increased civil and criminal monetary penalties for certain violations of business licensing requirements. All revenue collected from such penalties will be credited to the general fund. Given the large number of previously unregulated business, the revenue collected under these provisions could be significant.

The bill also allows the MVA to collect a civil penalty and administrative expenses by civil action commenced in the District Court. It is assumed that the MVA would not exercise this option in a large number of cases. To the extent that the MVA pursues such actions, TTF revenues could increase.

State Expenditures: Transportation Trust Fund expenditures could increase by an estimated \$239,100 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date. This estimate reflects the cost of hiring 5 investigators and 1 secretary to inspect on-site records, investigate complaints, issue citations, and perform follow-up activities. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- consistent with the current workload of MVA investigators, about 175 additional investigations would be performed annually; and
- each investigator would perform about 35 on-site investigations each year.

Salaries and Fringe Benefits	\$139,900
Pool Vehicles and Other One-Time Expenses	84,600
Operating Expenses	<u>14,600</u>
Total FY 2000 State Expenditures	\$239,100

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

No additional expenses would be incurred to create citations because the MVA and police officers could use current civil citation forms. In addition, reducing the maximum incarceration penalty of subsequent offenses to 1 year from 2 years for violations of dismantler and recycler licensing requirements would mean that convicted persons would not serve their term of incarceration in a State facility. However, any reduction in State incarceration costs is not expected to significantly affect State expenditures.

The bill requires the District Court to perform additional duties such as mailing notices of default judgments to the person named in the citation if the person fails to pay the fine or appear in court. Without actual experience in handling such cases, it is unclear as to whether the District Court would incur additional costs. Any such increase is assumed to be minimal.

Small Business Effect: The majority of businesses affected by the bill are small businesses. For example, there are approximately 1,200 body shops in Maryland and nearly 75% of such operations are considered to be small businesses. The bill requires that certain automotive-related businesses exercise greater diligence in maintaining records relating to their business operations. The costs associated with clerical, administrative, and storage activities are likely to increase.

Additionally, businesses not adhering to the requirements of the bill will be subject to civil monetary penalties.

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

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