

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 114 (Delegate DeCarlo) (Task Force to Study the Comprehensive
Licensing of Automotive-Related Industries)
Commerce and Government Matters

Vehicle Laws - Automotive-Related Industries - Regulation

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

The bill is effective October 1, 2000, and sunsets September 30, 2003.

Fiscal Summary

State Effect: Potential significant increase in general fund revenues from the penalty provisions applicable to the bill. Minimal increase in general fund expenditures for the additional responsibilities of the District Court. Potential increase in Transportation Trust Fund (TTF) expenditures depending upon the workload of the Motor Vehicle Administration (MVA). Effects occur each year until the sunset date.

Local Effect: Minimal. Any potential increase or decrease in local incarceration costs stemming from this bill is not expected to have a significant effect on local expenditures.

Small Business Effect: Meaningful.

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 or each customer who leaves a motor vehicle for repair or storage at the facility;
- (2) the date each vehicle was left;
 - (3) the year, model, and, when repairs involve a used major component part, the vehicle identification number of each vehicle; and
 - (4) for a used major component part, proof of ownership or proof of right of possession including, if available, the vehicle identification number on the component part.

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 one year. The records and the vehicles and parts for which the records are required must be available for inspection during normal business hours by the MVA, the Department of State Police, or a local law enforcement officer who is assigned to a local antitheft unit. 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 motor vehicle auctioneer records by granting the Department of State Police or the local law enforcement officer who is assigned to a local antitheft unit a right of inspection and by prescribing identical civil penalties.

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.

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 one year for the first offense and two years for a second or subsequent offense to a maximum of six months for the first offense and one 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.

Current Law: The MVA currently licenses: vehicle dealers, manufacturers, and distributors; automotive factory branches; automotive dismantlers and recyclers; scrap processors; and vehicle title service agents. Motor vehicle auction companies are not required to be licensed, although such entities are required to keep specified records and make the records available for inspection by the MVA during business hours. Automotive repair facilities and vehicle storage facilities are not regulated by the MVA in any manner.

Background: In 1999, the 22-member Task Force to Study the Comprehensive Licensing of Automotive-Related Industries studied the scope of unlicensed activity in automotive-related industries; the feasibility of and standards for the licensing of currently unlicensed businesses; and the resources necessary to effectively enforce a comprehensive licensing law or to enhance enforcement to curb illegal activities in automotive-related industries. Its report was issued in December 1999. This bill contains the recommendations of the task force.

In 1998 there was a 17-member Task Force to Study the Comprehensive Licensing of Automotive-Related Industries. This task force issued its report in December 1998. The task force was re-established in 1999 in order to increase its membership to include representatives from additional industries and to expand its scope to issues relating to enforcement of currently illegal activities in automotive-related industries.

State Revenues: The bill provides for new and increased civil and criminal monetary penalties for certain violations of business licensing requirements. All revenues 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.

State Expenditures: The MVA advises that it will only conduct investigations as a result of a complaint about an automotive-related business. It does not expect that the number of complaints will reach a level that will require additional staff. To the extent that the number of complaints exceeds expectations, additional investigators may be required. It is estimated that the annual cost for an investigator, including salary, fringe benefits, travel costs, and other operating expenses would be approximately \$48,000. It should be noted that the task force encourages that resources be made available to the MVA so that enforcement of laws relating to the automotive industry becomes a priority.

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 one year from two 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 have a significant effect on State expenditures.

The bill requires the District Court to perform additional duties, such as mailing a notice of default judgment 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.

Additional Information

Prior Introductions: A similar bill was introduced in the 1999 session as SB 84. As enacted (Chapter 318), it re-established the Task Force to Study the Comprehensive Licensing of Automotive-Related Industries.

Cross File: SB 149 (Senator Stone) - Judicial Proceedings.

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

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