

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 787 (Delegate DeCarlo)
 Commerce and Government Matters

**Motor Vehicle Administration - Disposition of Vehicle to Dismantler and
 Recycler or Scrap Processor**

This bill establishes that a person who owns or on whose property is found an abandoned vehicle; or a person who owns a vehicle for which the certificate of title is defective, lost, or destroyed; may apply to the Motor Vehicle Administration (MVA), as an alternative to the local police department, for authority to transfer the vehicle to an automotive dismantler and recycler or a scrap processor. It authorizes the MVA to give the applicant a certificate of authority to transfer the vehicle, pending the completion of notification procedures.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures would increase by \$198,100 in FY 2003 to hire additional personnel to accommodate the additional transactions that would result from the bill. Out-year costs reflect annualization and inflation.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	198,100	164,200	151,600	159,600	168,100
Net Effect	(\$198,100)	(\$164,200)	(\$151,600)	(\$159,600)	(\$168,100)

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

Local Effect: Potentially significant decrease in administrative costs to the extent that local jurisdictions process fewer certificates for abandoned vehicles.

Small Business Effect: Potential minimal. Small businesses that tow and store abandoned vehicles for local police departments would benefit through potentially faster processing of certificates.

Analysis

Current Law: Any person who possesses or on whose property is found an abandoned vehicle and any person who owns a vehicle for which the certificate of title is defective, lost, or destroyed, may apply to the police department of the jurisdiction in which the vehicle is located for authority to transfer the vehicle to an automotive dismantler and recycler or scrap processor.

As soon as reasonably possible and within seven days, at most, after it takes an abandoned vehicle into custody, a police department shall send a notice, by certified mail, to the last known registered owner of the vehicle and each secured party, as shown on the MVA's records. The notice must:

- state that the abandoned vehicle has been taken into custody;
- describe the year, make, model, and vehicle identification number of the vehicle;
- give the location of the facility where the vehicle is held; and
- inform the owner and secured party of the owner's and secured party's right to reclaim the vehicle within three weeks after the date of the notice, on payment of all towing, preservation, and storage charges resulting from taking or placing the vehicle in custody.

If an abandoned vehicle is not reclaimed in three weeks (11 days in Montgomery County and Baltimore City), the police department must give the applicant a certificate of authority to transfer the vehicle to any automotive dismantler and recycler or scrap processor for dismantling, destroying, or scrapping. The dismantler may also salvage the vehicle subject to restrictions.

State Expenditures: TTF expenditures would increase by \$198,078 in fiscal 2003 to hire four additional personnel -- one supervisor and three customer service agents -- as well as a contractual employee for fiscal 2003 and 2004 only. 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:

- the majority of vehicle owners who request a certificate will visit the MVA rather than the local police department;
- the MVA will issue at least 12,300 certificates annually; and
- the number of certificates will increase at least temporarily due to the backlog of requests for certificates.

Salaries and Fringe Benefits	\$105,758
Contractual Employee	20,000
Operating Expenses	22,320
Computer Costs	<u>50,000</u>
Total FY 2003 State Expenditures	\$198,078

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.

The MVA advises that the bill would significantly increase the number of walk-in transactions as most people would likely visit the MVA rather than the local police department to receive a certificate of authority to transfer a vehicle. The MVA currently provides the police departments with approximately 12,300 certificate forms annually (free of charge) but does not participate in the processing or notification procedures required to issue the certificates. The MVA anticipates the number of certificates will increase 50 to 100% to 25,000 certificates per year, which would require five customer service agents and one supervisor. One customer service agent can process approximately 30 transactions daily.

The Department of State Police advises that abandoned vehicles are more often claimed by the owner or third party rather than transferred to a dismantler or scrap processor, but that the notification procedures are time consuming. It further advises that the MVA will likely experience a “rush” of customers after the bill’s enactment due to the backlog of applicants that have requested a certificate but have been unable to obtain one from the police department, particularly companies that store abandoned vehicles after they are taken into custody by the police.

The Department of Legislative Services (DLS) concurs that the MVA’s workload will increase under the bill. However, the bill’s requirements would not necessarily mean a permanent substantial increase in the numbers of certificates to be issued. Additional contractual employees can assist with customer service during fiscal 2003 and 2004 to handle the expected rush of customers. DLS also notes that demand will vary according to each branch.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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