

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 260 (Delegate Glassman)

Environmental Matters

Judicial Proceedings

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Motor Vehicles - Salvage Vehicles - Distribution of Fees

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This bill shifts the distribution of salvage vehicle inspection fees from the Vehicle Theft Prevention Fund to the Auto Theft Unit of the Department of State Police to recover the costs of administering the salvage inspection program. None of the fees may be credited to the Gasoline and Motor Vehicle Revenue Account for distribution.

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Fiscal Summary

**State Effect:** None. The bill primarily alters the distribution of existing State funds (approximately \$180,000 in FY 2004) within the Department of State Police. To the extent it requires administrative changes, the department could handle them with existing resources.

**Local Effect:** Potential minimal decrease in grant revenues to local governments for vehicle theft enforcement and deterrence effect.

**Small Business Effect:** Potential minimal.

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Analysis

**Current Law:** The Vehicle Theft Prevention Fund is a special nonlapsing fund. The Vehicle Theft Prevention Council, in the Department of State Police, administers the fund, which consists of: (1) money received from uninsured motorist penalties and salvage certificate fees; and (2) all money received by the council or the fund from any source, including gifts, grants, awards, or money from the federal or State governments, local governments, associations, organizations, or other private sources.

The fund is to be used to provide grants to:

- State and local law enforcement organizations;
- neighborhood, business, or community organizations for enforcement efforts and vehicle theft deterrence;
- educational programs designed to inform motor vehicle owners of ways to prevent vehicle theft and to provide equipment, for experimental purposes, to enable vehicle owners to prevent theft;
- programs designed to reduce the incidence of juvenile vehicle theft and juvenile recidivism; and
- programs designed to reduce or deter damage or vandalism to a vehicle in connection with a vehicle theft or theft of property from a vehicle.

The grants and awards made with these funds, to the extent practicable, must be allocated among the subdivisions of the State on a pro rata basis determined by the percentage of the total number of vehicles registered in the State that are registered in each subdivision. Expenditures from the fund may only be made pursuant to an appropriation approved by the General Assembly in the annual State budget or through the budget amendment procedure.

**Background:** Chapter 474 of 2001 established the Task Force to Study the Motor Vehicle Salvage Inspection and Titling Practices. The current salvage process requires the State and county police to conduct salvage vehicle inspections. The purpose of the salvage inspection is to check the vehicle identification numbers (VINs) on the vehicle to ensure that vehicles in repairable condition are not stolen or comprised of stolen parts. A substantial backlog has developed. The task force supports a three-phased plan to improve the salvage inspection process. First, the task force calls for overtime funding directed to the Maryland State Police to eliminate the backlog in the salvage inspection process. The second phase calls for the formation of a new section under the State Police Auto Theft Unit to conduct VIN salvage inspections. The final phase calls for the entire program to be under the direct and total supervision of the Maryland State Police Auto Theft Unit.

**State Revenues:** The fiscal 2004 budget allowance provides \$2,722,311 in special funds for the Vehicle Theft Prevention Fund, which includes approximately \$180,000 in salvage certificate fees that the Motor Vehicle Administration collects annually. The Department of State Police advises that inspection and towing of salvage vehicles is a significant administrative burden and cost, including personnel overtime. In calendar 2001, the department inspected 10,634 vehicles. In calendar 2002, the number of inspections increased to 11,334 vehicles.

## **Additional Information**

**Prior Introductions:** This bill is a reintroduction of HB 471 from the 2002 session. HB 471 passed the House and Senate, but was vetoed by the Governor for policy reasons. In his veto message the Governor recognized the effort to provide a funding source for the State Police to automate the vehicle inspection program and reduce the wait time for inspections. However, the Governor opposed taking funds from the Vehicle Theft Prevention Fund to pay for the initiative.

**Cross File:** None.

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

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