

**Department of Legislative Services**  
 Maryland General Assembly  
 2003 Session

**FISCAL AND POLICY NOTE**

House Bill 878 (Delegate Vallario, *et al.*)  
 Economic Matters

**Vehicle Laws - Vehicles Abandoned in Garages**

This bill provides that if a garage keeper has reported an abandoned vehicle to the police and the police department does not take the abandoned vehicle into custody within 30 days of being notified, the garage keeper may sell the vehicle. The bill adds that proceeds of the sale must be applied first to the garage keeper's charges for towing.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) revenues increase by \$480,000 in FY 2004 due to revenue from processing of salvage certificates. TTF expenditures increase by \$149,600 in FY 2004 for processing of salvage certificates. Out-years include annualization and inflation.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
SF Revenue	\$480,000	\$640,000	\$640,000	\$640,000	\$640,000
SF Expenditure	149,600	157,100	167,500	179,000	191,500
Net Effect	\$330,400	\$482,900	\$472,500	\$461,000	\$448,500

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

**Local Effect:** None.

**Small Business Effect:** Potential minimal. Garage owners could realize additional revenue from selling abandoned vehicles.

## Analysis

**Current Law:** An abandoned vehicle means any motor vehicle, trailer, or semi-trailer that has remained in a garage for more than ten days, after the garage keeper has given the vehicle owner notice to remove the vehicle by certified mail, return receipt requested with a postmark from the U.S. Postal Service. An abandoned vehicle includes one that has remained in a garage for more than ten days after when, by contract, the vehicle was to remain in the garage. An abandoned vehicle is one that was left for more than ten days in a garage by someone other than the registered owner or left by a person authorized to have possession of the vehicle under a contract.

A garage keeper is required to report any abandoned vehicle in the garage to the police department. Any garage keeper who fails to report the vehicle within ten days after abandonment forfeits any claim for servicing, storage, or repair of the vehicle. The police department may take the abandoned vehicle and sell it, as provided by law, unless the vehicle is reclaimed by the owner or secured party and the garage keeper is paid. If the police department does not claim the vehicle and the garage owner wants to sell the vehicle, the garage owner must first obtain a salvage certificate from the Motor Vehicle Administration (MVA), which gives the garage owner title to the vehicle.

If the vehicle is sold, the proceeds of the sale must be applied first to the garage keeper's charges for servicing, storage, or repair. Any surplus proceeds must be distributed to the police department for the costs of vehicle towing, preservation, storage, and auction expenses, including notice and publication costs. Any remaining proceeds must be held for 90 days for the vehicle owner and any entitled secured party. Any proceeds remaining after that distribution must revert to the county treasury where the sale was made or the treasury of the municipality, if the municipality conducted the sale.

**State Fiscal Effect:** TTF revenues increase by \$480,000 in fiscal 2004, accounting for revenue generated from processing salvage certificates. Out-year revenue projections include annualization. TTF expenditures increase by \$149,640 for additional staff to process salvage certificate requests. Out-years include annualization and inflation.

The MVA advises that there are about 8,000 commercial garages in Maryland. On an annual basis, the MVA processes about 65,000 salvage certificates for garages. The Department of Legislative Services advises that because the police are not likely to retrieve abandoned vehicles from garages, each garage owner could conceivably request four additional salvage certificates to sell abandoned vehicles, or an additional 32,000 salvage certificates. The MVA charges \$20 for each salvage certificate, generating fiscal 2004 revenue of \$480,000, accounting for an October 1 date and annualized revenue of \$680,000.

Currently, the MVA uses eight customer service agents II to process 65,000 salvage certificates. Four new customer service agents would be required to process an anticipated increase of 32,000 salvage certificates annually. Fiscal 2004 TTF expenditures would be \$149,640, accounting for four employees and related employee costs and an October 1 start date. Out-year expenditures include annualization and inflation.

	<b><u>Fiscal 2004</u></b>
Salaries	\$112,682
Related Equipment	34,588
Other Operating Expenditures	<u>2,370</u>
<b>Total TTF Expenditures</b>	<b>\$149,640</b>

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Montgomery County, Prince George's County, Caroline County, Calvert County, Howard County, Department of Transportation, Baltimore City, Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 2003  
mam/jr

---

Analysis by: Karen D. Morgan

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510