

Department of Legislative Services  
 Maryland General Assembly  
 2004 Session

FISCAL AND POLICY NOTE

Senate Bill 32 (Chairman, Judicial Proceedings Committee)  
 (By Request – Departmental – Transportation)  
 Judicial Proceedings Environmental Matters

Vehicle Laws - Titling and Registration - Temporary Registrations

This departmental bill eliminates the 15-day limit on temporary vehicle registrations and authorizes the Motor Vehicle Administrator to determine the duration of the temporary registration; it also removes references to temporary registration plates and cards. The bill requires all vehicles, whether purchased in- or out-of-state, to be inspected within 60 days of registration and eliminates the expiration date for temporary registrations issued to used vehicles purchased out of the State.

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) expenditures will decrease by approximately \$43,300 in FY 2005. Future years reflect annualization and growth in registrations. TTF revenues will not be affected because the \$20 temporary registration fee will still be charged.

| (in dollars)   | FY 2005    | FY 2006    | FY 2007    | FY 2008    | FY 2009    |
|----------------|------------|------------|------------|------------|------------|
| Revenues       | \$0        | \$0        | \$0        | \$0        | \$0        |
| SF Expenditure | 43,300     | 58,300     | 58,900     | 59,500     | 60,100     |
| Net Effect     | (\$43,300) | (\$58,300) | (\$58,900) | (\$59,500) | (\$60,100) |

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

**Local Effect:** Minimal or none. Local governments may realize administrative efficiencies for vehicle registration.

**Small Business Effect:** The Maryland Department of Transportation has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) advises that tag and titling services will likely benefit through increased business; however, it does not concur with this assessment.

## **Analysis**

**Current Law:** The Motor Vehicle Administration (MVA) may issue a temporary registration card and a temporary plate to allow a registration applicant to drive a vehicle pending action on the application; the administrator can determine the temporary registration period but it cannot exceed 15 days. The law also stipulates that temporary registration plates can only be issued for vehicle sales between persons who are not licensed dealers and for transfers of certain used trucks that are registered or will be registered.

The MVA may withhold delivery of a certificate of title for a used vehicle purchased out-of-state, pending receipt of an inspection certificate, and issue a temporary registration if given satisfactory evidence that the vehicle is located outside Maryland. A used vehicle purchased outside of Maryland must be inspected immediately on its arrival in the State, and a temporary registration issued for such a vehicle expires at the end of the current registration year or six months from the date of issuance, whichever is earlier. While an inspection is required for any used vehicle to be titled and permanently registered, the law does not specify the inspection deadline for a used vehicle bought in the State. An inspection certificate is valid for 90 days for a used vehicle that is not owned and held by a licensed dealer.

**Background:** The procedure for registering used vehicles currently involves two transactions that require two separate visits to an MVA office – one to issue the temporary paper tag and the second to process the vehicle inspection and the two-year registration and issue permanent plates. In fiscal 2003, the MVA processed 96,200 temporary plates.

The MVA advises that the proposed process will improve electronic access to vehicle and owner data to law enforcement agencies through the Maryland Interagency Law Enforcement System. Temporary tag information is only available by telephone under the existing system.

**State Expenditures:** By eliminating the need to purchase paper registration tags, TTF expenditures will decrease by approximately \$57,720 annually and \$43,290 in fiscal 2005, accounting for the October 1 effective date. This estimate is based on the purchase of 96,200 plates that cost \$.60 per set. Annual savings will increase in the out-years as the number of vehicle registrations increase.

The MVA also expects walk-in traffic for temporary plates to drop by as much as 25%, which will decrease the wait time for other transactions. The process under the proposed bill will still require two transactions but will allow registration applicants to be issued

permanent metal plates immediately, with a short-term registration sticker. Upon inspection of the vehicle and payment of the required fees, the applicant can receive a two-year registration sticker without visiting a full-service branch (*e.g.*, at a kiosk or by mail).

**Small Business Effect:** The MVA advises that over 60 titling services operate in the State; all or most of them are small businesses that process permanent registration for vehicle owners for a fee. The proposed change to the registration process will allow those businesses to offer a new service to customers by authorizing them to provide temporary registration stickers in addition to permanent plates. The MVA estimates that business will increase by up to 25% as a result. DLS observes that business may increase if customers wish to bypass the MVA to receive their plates but the level of impact cannot be estimated at this time.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

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