

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 39 (Delegate Impallaria)
Environmental Matters

Motor Vehicles - Certificates of Title - Salvage Inspections

This bill requires the Motor Vehicle Administration (MVA) to issue a certificate of title without an inspection certificate issued by county police or the Department of State Police (DSP) if the vehicle is seven model years old or if it was released from a police impound lot within the previous six months. It directs county police departments and DSP to provide an inspection certificate without conducting an inspection if either entity is unable to schedule an inspection appointment within two weeks of a request for one or is unable to keep the appointment.

Fiscal Summary

State Effect: Potential minimal increase in Transportation Trust Fund (TTF) expenditures in FY 2005 only for computer programming and administrative costs. Potential minimal loss of special fund revenue for DSP to the extent that the MVA charges for fewer inspection certificates if an inspection is not conducted.

Local Effect: Minimal or none.

Small Business Effect: None.

Analysis

Current Law: The definition of salvage includes any vehicle that: (1) has been damaged to the extent that the cost to repair for local operation on a highway exceeds the fair market value of the vehicle; (2) has been acquired by an insurance company as result of a claim settlement; or (3) has been acquired by an automotive dismantler and recycler as an abandoned vehicle or for rebuilding or use as parts only.

A certificate of salvage is a document issued by the MVA that establishes the ownership of a vehicle. However, unlike a certificate of title, which is also an ownership document, a vehicle with a certificate of salvage may not be operated on public roads.

Vehicle owners who want to retain a salvaged vehicle must obtain a new title for the car and a salvage title certificate from the insurance company, which in turn obtains the certificate from the MVA for \$20. The vehicle must be inspected by DSP or a county police department, which issues a certificate of inspection after verifying that the vehicle is rebuildable and is not stolen or comprised of stolen parts.

Background: Chapter 474 of 2001 established the Task Force to Study Motor Vehicle Salvage Inspection and Titling Practices to expedite and modernize motor vehicle salvage inspection and titling practices. It recommended several steps to improve the efficiency of the inspection process, including automation, increased the MVA salvage certificate fees, and transfer of those fees to DSP to pay for the inspections.

Chapter 135 of 2003 authorized the transfer of salvage fees from the Vehicle Theft Prevention Fund (approximately \$180,000 in fiscal 2004) to the Auto Theft Unit of DSP. The department conducted 9,657 salvage inspections in calendar 2003. The average wait time for an inspection is approximately two weeks; before the fund transfer, the average wait ranged from one or two weeks to three months.

State Fiscal Effect: The MVA advises that it would cost up to \$30,000 in fiscal 2005 to modify the computer program to indicate that the vehicle was not inspected. An additional \$11,625 is estimated for an outside vendor to update Internet and intranet documents. The Department of Legislative Services advises that if other legislation is passed requiring computer reprogramming or changes to the MVA's web site, economies of scale could be realized. This would reduce the costs associated with this bill and other legislation affecting the MVA system.

Revenues for DSP's Auto Theft Unit could also decline as the MVA advises it would not charge the \$25 salvage inspection fee if it received notice from the police that no inspection was conducted; the decrease cannot be estimated at this time. The MVA issued 8,646 inspection certificates in fiscal 2003. If, by way of illustration, 15% of salvage inspections were not conducted, the annual revenue loss would be approximately \$1,300.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Montgomery County, Garrett County, Department of State Police, Anne Arundel County, Maryland Department of Transportation, Department of Legislative Services

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lc/jr

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