

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 267 (Delegate Stern)
Environmental Matters

Motor Vehicles - Unclaimed Vehicles - Preservation and Storage Costs

This bill increases the maximum amount chargeable to the last registered owner of an unclaimed vehicle from \$300 to \$500 for preservation and storage costs.

Fiscal Summary

State Effect: None. The bill would not substantively change State activities or operations.

Local Effect: Significant increase in revenues for affected local governments, although expenditures from the storage and sale of abandoned vehicles would probably still exceed revenues.

Small Business Effect: None.

Analysis

Current Law: The provisions for maximum liability for preservation and storage of an unclaimed vehicle apply to any vehicle sold as abandoned by a police department of Baltimore City, Prince George's and Montgomery counties, or a municipal corporation in Prince George's or Montgomery counties. The provisions apply in those jurisdictions to any vehicle sold as abandoned and unclaimed, reported stolen, recovered and subsequently unclaimed, or involved in an accident, removed by police, and subsequently unclaimed.

If the money from the sale of an unclaimed vehicle is not enough to reimburse a police department or its agent for the costs of towing, preserving, storing a vehicle, and selling

the vehicle, including publication and notification, then the last registered owner is liable to the police or its agent for the deficiency. The maximum cost chargeable to the last registered owner for the preservation and storage of an unclaimed vehicle is \$300.

If the last registered owner transfers a vehicle after it has been towed or impounded, but before its sale at auction, and the transferee received notice of the liability, then the transferee is responsible for a deficiency from preservation and storage of an unclaimed vehicle, up to a maximum of \$300. Also, if the last registered owner made a gift of the vehicle to another person prior to towing or impoundment, then the owner is not liable for the preservation and storage costs for the vehicle. However, the registered owner has the burden of showing that a gift of the vehicle actually occurred. If the required notice has not been provided to the last registered owner or secured party as required by law, then the liability may not be assessed to that person.

Background: The recovery, storage, and sale of abandoned vehicles is a function that requires significant time and resources from local governments. The costs incurred by local governments for this function are generally not recovered from vehicle owners or lien holders. For example, Baltimore City charges initial storage fees of \$50 and additional storage fees of \$15 per day after the initial 48 hours.

Local Fiscal Effect: This bill is estimated to have a significant positive impact on the police department operations for Baltimore City, Prince George's and Montgomery counties, and the municipal corporations in Prince George's and Montgomery counties.

For example, Montgomery County advises that about 600 vehicles would be subject to the cost recovery provisions of this bill and that an additional \$110,000 to \$120,000 in revenue could be recovered annually. Montgomery County advises that about \$1,000 per vehicle is spent to advertise and sell these vehicles that are not recovered from the vehicle sale proceeds. As a result, Montgomery County estimates that rather than losing about \$800,000 annually from the sale of abandoned vehicles, the loss would be mitigated to about \$600,000 annually.

Baltimore City advises that about 3,500 vehicles annually would be subject to the cost recovery provisions of this bill. Baltimore City is required to hold a vehicle for 47 days before it becomes eligible for auction. During this period, the owner and lien holder are notified to claim the vehicle and the vehicle is advertised for auction. Under current law, Baltimore City loses about \$410 on every abandoned vehicle that would be eligible for cost recovery under this bill. The annual loss is about \$1,435,000. The bill's authorized increase in cost recovery from \$300 to \$500 would mitigate the loss from the sale of abandoned vehicles to about \$735,000 annually.

Prince George's County advises that it loses \$95,300 annually from the towing, storage, and disposal of abandoned vehicles that would be subject to the cost recovery provisions of this bill. The additional cost recovery authorized under this bill would mitigate the annual loss to about \$38,120.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Montgomery County, Prince George's County, Maryland Department of Transportation, Baltimore City, Department of Legislative Services

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