

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 547 (Senator Giannetti)
 Judicial Proceedings

Vehicle Laws - Abandoned Vehicles - Storage and Sale

This bill authorizes a garage keeper to provide notification to registered owners regarding abandoned vehicles and authorizes the police to authorize a garage keeper to sell abandoned vehicles, under specified circumstances.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues increase by \$675,000 in FY 2007 due to revenue from processing of salvage certificates. TTF expenditures increase by \$224,000 in FY 2007 for processing of salvage certificates. Out-years include annualization and inflation.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
SF Revenue	\$675,000	\$900,000	\$900,000	\$900,000	\$900,000
SF Expenditure	224,000	265,400	282,000	299,900	319,100
Net Effect	\$451,000	\$634,600	\$618,000	\$600,100	\$580,900

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

Local Effect: The provisions of this bill could be handled within existing resources.

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

Analysis

Bill Summary: This bill alters the definition of “abandoned vehicle” to include a vehicle that has remained in a garage more than 10 days after a police department has given the

vehicle owner notice by certified mail, return receipt requested. Notification that an abandoned vehicle has been taken into custody must be provided to the garage keeper, if the vehicle is stored in a garage. If a police department does not provide the notice required by law within 10 days after taking an abandoned vehicle into custody, the garage keeper may send the notice. If the identity of the vehicle owner or secured party cannot be determined or the certified mail notice is returned as undeliverable, the garage keeper may post notice regarding an abandoned vehicle if the police department does not provide the notice within 20 days after it takes custody of the abandoned vehicle.

If an abandoned vehicle is not properly reclaimed, a police department may authorize a garage keeper to sell the stored vehicle. After an abandoned vehicle has been in continuous control of a garage keeper for at least 30 days, and the required notice has been issued, the garage keeper is authorized to sell the vehicle at public auction. A garage keeper that elects to sell an abandoned vehicle at public auction must use a licensed auctioneer and maintain all related documents and records, as specified in the bill. Also, the records must be available for audit on request of a police department or the Motor Vehicle Administration (MVA).

A buyer of the vehicle at auction is entitled to a sales receipt on an MVA-approved form from the garage keeper that sold the vehicle. The garage keeper must be reimbursed for its expenses, as specified in the bill, except that the garage keeper may not be reimbursed more than \$100 for notice and publication costs incurred before sale of the vehicle. Proceeds of the sale must be applied first to the garage keeper's charges for towing.

Current Law: An abandoned vehicle means any motor vehicle, trailer, or semi-trailer that has remained in a garage for more than 10 days, after the garage keeper has given the vehicle owner notice to remove the vehicle by certified mail, return receipt requested. An abandoned vehicle includes one that has remained in a garage for more than 10 days after when, by contract, the vehicle was to remain in the garage. An abandoned vehicle is one that was left for more than 10 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 police department may take any abandoned vehicle into custody, using its own facilities, equipment, or personnel or contracting out for those services. However, the police department may not authorize the use of a tow truck to remove the abandoned vehicle unless it has been properly registered with the MVA.

As soon as possible and within seven days after taking an abandoned vehicle into custody, the police department must notify the last known registered owner and each secured party. The notice must provide the information specified in statute, including procedures for reclaiming the vehicle. The owner or secured party must be notified that

failure to reclaim the vehicle within the specified time period constitutes a waiver of interest in ownership or right or title to the vehicle, and consent to public auction or use for a public purpose. In Baltimore City and Montgomery and Prince George's counties, failure to reclaim a vehicle could also result in the denial of any application to renew the registration of any vehicle.

If the identity and address of the registered owner and each secured party cannot be reliably determined, or the certified mail notice is undeliverable, the police department must post a notice in the circuit court of the county where the abandoned vehicle was found, within the time frames specified in statute.

Except as otherwise provided, if an abandoned vehicle is not reclaimed, the police department must sell the vehicle at public auction. The vehicle buyer takes free and clear title and is entitled to a salvage certificate and may obtain a certificate of title. 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. The police department must reimburse itself for towing, preservation, and storage of the abandoned vehicle and auction expenses, including all notification and publication costs from sale proceeds. Any remaining proceeds must be held for 90 days for the owner and any entitled secured party. After 90 days, the remaining proceeds go to the county treasury where the sale was made or to the municipal treasury, if a municipality conducted the sale.

A police department may retain an abandoned vehicle and use it for a public purpose if it obtains a certificate of title, as required by law. The police department must obtain the written consent of any secured party or vehicle lessor before retaining a vehicle for a public purpose.

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 10 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 MVA, which gives the garage owner title to the vehicle.

State Fiscal Effect: TTF revenues increase by \$675,000 in fiscal 2007, accounting for revenue generated from processing salvage certificates. Out-year revenue projections include annualization. TTF expenditures increase by \$224,037 for additional staff to process salvage certificate requests. Out-years include annualization and inflation.

The MVA advises that there are about 9,000 commercial garages in Maryland. On an annual basis, the MVA processes about 87,000 salvage certificates for garages. The Department of Legislative Services (DLS) advises that, because the police are not likely to retrieve abandoned vehicles from garages, each garage owner could conceivably request five additional salvage certificates to sell abandoned vehicles, or an additional 45,000 salvage certificates. The MVA charges \$20 for each salvage certificate, generating fiscal 2007 revenue of \$675,000, accounting for an October 1 effective date and annualized revenue of \$900,000.

Each customer service agent processes about 8,000 salvage certificates annually. Six new customer service agents would be required to process an anticipated increase of 45,000 salvage certificates annually. Fiscal 2007 TTF expenditures would be \$224,037, accounting for six employees and related employee costs and an October 1 start date. Out-year expenditures include annualization and inflation.

	<u>Fiscal 2007</u>
Salaries and Fringe Benefits	\$191,247
Computer Equipment	12,000
Other Operating Expenditures	<u>20,790</u>
Total TTF Expenditures	\$224,037

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The MVA advises that computer programming modifications to the certificate processing systems that could be required by the bill could result in a one-time expenditure of \$186,900 in fiscal 2007 only. However, DLS advises that if, other legislation is passed requiring computer programming changes, economies of scale could be realized. This would reduce the computer programming costs associated with this bill and other legislation affecting the MVA system. Further, DLS advises that the increased computer expenditure is an estimate, and that the MVA may be able to handle the charges within existing resources. It is also assumed that supplies and printing costs for additional certificates would be absorbed within existing resources.

Additional Information

Prior Introductions: This bill is similar to HB 1370 of 2004, which was referred to the Economic Matters Committee but was withdrawn before being heard. This bill is also

similar to HB 878 of 2003, which received an unfavorable report from the Economic Matters Committee.

Cross File: HB 1311 (Delegate Jameson, *et al.*) – Environmental Matters.

Information Source(s): Washington County, Montgomery County, Prince George’s County, Kent County, Worcester County, Department of State Police, Department of Legislative Services

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ncs/ljm

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