

HOUSE BILL 30

R4

8lr0505

(PRE-FILED)

By: **Delegate Sophocleus**

Requested: August 17, 2007

Introduced and read first time: January 9, 2008

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws – Insurance Requirements – Penalties and Notification**

3 FOR the purpose of altering a certain requirement that the Motor Vehicle
4 Administration provide notice to the owner of a vehicle that the vehicle's
5 registration has been suspended because the required security for the vehicle
6 has terminated or lapsed; altering the period of time within which a vehicle
7 owner must surrender certain evidence of registration under certain
8 circumstances; decreasing the maximum penalty that may be assessed against
9 the owner of a vehicle if the required security for the vehicle lapses or
10 terminates under certain circumstances; requiring the Administration to notify
11 a vehicle owner or co-owner, under certain circumstances, of certain procedures
12 for adjusting a certain penalty; making stylistic changes; repealing obsolete
13 language; and generally relating the vehicle insurance requirements.

14 BY repealing and reenacting, with amendments,
15 Article – Transportation
16 Section 17–106
17 Annotated Code of Maryland
18 (2006 Replacement Volume and 2007 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article – Transportation**

22 17–106.

23 (a) If the required security for any vehicle terminates or otherwise lapses at
24 any time, the registration of that vehicle:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) Is suspended automatically as of the date of termination or lapse;
2 and

3 (2) Remains suspended until:

4 (i) The required security is replaced and the vehicle owner
5 submits evidence of replaced security on a form as prescribed by the Administration
6 and certified by an insurer or insurance producer; and

7 (ii) Any uninsured motorist penalty fee assessed is paid to the
8 Administration.

9 (b) (1) Except as provided in paragraph (2) of this subsection, each
10 insurer or other provider of required security immediately shall notify the
11 Administration of those terminations or other lapses that are final.

12 (2) Each insurer or other provider of required security for a vehicle
13 registered as a Class B (for hire) vehicle under Title 13 of this article shall notify the
14 Administration within 45 days of a termination or other lapse that is final and occurs
15 anytime after the required security is issued or provided.

16 (c) On receipt of a notice under subsection (b) of this section, the
17 Administration shall [make a reasonable effort to] notify the owner of the vehicle that
18 [his] **THE VEHICLE'S** registration has been suspended.

19 (d) (1) Within [48 hours] **5 BUSINESS DAYS** after an owner is notified by
20 the Administration of the suspension of registration, the owner shall surrender all
21 evidences of that registration to the Administration.

22 (2) If the owner fails to surrender the evidences of registration within
23 [the 48-hour period] **5 BUSINESS DAYS**, the Administration:

24 (i) Shall attempt to recover from the owner the evidences of
25 registration; and

26 (ii) May suspend [his] **THE OWNER'S** license to drive until [he]
27 **THE OWNER** returns to the Motor Vehicle Administration the evidences of
28 registration.

29 (3) The Administration may enter into contracts with private parties
30 to procure the services of independent agents to assist in the recovery of the evidences
31 of registration as authorized in paragraph (2) of this subsection.

32 (e) (1) (i) In addition to any other penalty provided for in the
33 Maryland Vehicle Law, if the required security for a vehicle terminates or otherwise
34 lapses during its registration year, the Administration may assess the owner of the
35 vehicle with a penalty of \$150 for each vehicle without the required security for a

1 period of 1 to 30 days. If a fine is assessed, beginning on the 31st day the fine shall
2 increase by a rate of \$7 for each day.

3 (ii) Each period during which the required security for a vehicle
4 terminates or otherwise lapses shall constitute a separate violation.

5 (iii) The penalty imposed under this subsection may not exceed
6 [\$2,500] **\$500** for each violation in a 12-month period.

7 (2) (i) A penalty assessed under this subsection shall be paid as
8 follows:

9 1. 70% to be allocated as provided in subparagraphs (ii)
10 through (iv) of this paragraph; and

11 2. 30% to the Administration, which may be used by the
12 Administration, subject to subsection (f) of this section, to provide funding for
13 contracts with independent agents to assist in the recovery of evidences of registration
14 as authorized in subsection (d)(3) of this section.

15 (ii) [For the fiscal year beginning July 1, 2001, the percentage of
16 the penalties specified under subparagraph (i)1 of this paragraph shall be allocated
17 among the Vehicle Theft Prevention Fund, the Motor Vehicle Registration
18 Enforcement Fund, the School Bus Safety Enforcement Fund, the Transportation
19 Trust Fund, and the General Fund as follows:

20 1. \$400,000 to the Motor Vehicle Registration
21 Enforcement Fund;

22 2. \$600,000 to the School Bus Safety Enforcement Fund;

23 3. \$2,000,000 to the Vehicle Theft Prevention Fund;

24 4. \$9,600,000 to the Transportation Trust Fund; and

25 5. The balance to the General Fund.

26 (iii) For the fiscal year beginning July 1, 2002, the percentage of
27 the penalties specified under subparagraph (i)1 of this paragraph shall be allocated
28 among the Vehicle Theft Prevention Fund, the Maryland Automobile Insurance Fund,
29 the Motor Vehicle Registration Enforcement Fund, the School Bus Safety Enforcement
30 Fund, and the General Fund as follows:

31 1. \$400,000 to the Motor Vehicle Registration
32 Enforcement Fund;

33 2. \$600,000 to the School Bus Safety Enforcement Fund;

- 1 3. \$2,000,000 to the Vehicle Theft Prevention Fund;
- 2 4. \$2,000,000 to the Maryland Automobile Insurance
- 3 Fund; and
- 4 5. The balance to the General Fund.

5 (iv)] For each fiscal year beginning on or after July 1, 2003, the

6 percentage of the penalties specified under subparagraph (i)1 of this paragraph shall

7 be allocated among the School Bus Safety Enforcement Fund, the Vehicle Theft

8 Prevention Fund, the Maryland Automobile Insurance Fund, and the General Fund as

9 follows:

- 10 1. \$600,000 to the School Bus Safety Enforcement Fund;
- 11 2. \$2,000,000 to the Vehicle Theft Prevention Fund;
- 12 3. The amount distributed to the Maryland Automobile
- 13 Insurance Fund in the prior fiscal year under the provisions of this paragraph
- 14 adjusted by the change for the calendar year preceding the fiscal year in the Consumer
- 15 Price Index – All Urban Consumers – Medical Care as published by the United States
- 16 Bureau of Labor Statistics to the Maryland Automobile Insurance Fund; and
- 17 4. The balance to the General Fund.

18 (3) **IF THE ADMINISTRATION ASSESSES A VEHICLE OWNER OR**

19 **CO-OWNER WITH A PENALTY UNDER THIS SUBSECTION, THE ADMINISTRATION**

20 **SHALL NOTIFY THE OWNER OR CO-OWNER OF ANY PROCEDURE FOR SEEKING**

21 **AN ADJUSTMENT OF THE PENALTY UNDER REGULATIONS ADOPTED BY THE**

22 **ADMINISTRATION.**

23 (4) If the Administration assesses a vehicle owner or co-owner with a

24 penalty under this subsection, the Administration may not take any of the following

25 actions until the penalty is paid:

- 26 (i) Reinstate a registration suspended under this subsection;
- 27 (ii) Issue a new registration for any vehicle that is owned or
- 28 co-owned by that person and is titled after the violation date; or
- 29 (iii) Renew a registration for a vehicle that is owned or co-owned
- 30 by that person and is titled after the violation date.

31 [(4)] (5) (i) In this paragraph, “family member” means any

32 individual whose relationship to the vehicle owner is one of those listed under §

1 13-810(b)(1) of this article as being exempt from paying the excise tax imposed on the
2 transfer of a vehicle.

3 (ii) The monetary penalties provided in this subsection may not
4 be avoided by transferring title to the vehicle.

5 (iii) Regardless of whether money or other valuable
6 consideration is involved in the transfer, if title to a vehicle is transferred by an
7 individual who has violated this subtitle to a family member, any suspension of the
8 vehicle's registration that occurred before the transfer shall continue as if no transfer
9 had occurred and a new registration may not be issued until the penalty fee is paid.

10 ~~[(5)]~~ (6) An amount equal to the monetary penalties paid to the
11 Administration under paragraph (2) of this subsection may be used by the
12 Administration only for the enforcement of this subtitle.

13 (f) From the amount distributed to the Administration under subsection
14 (e)(2)(i)2 of this section, expenditures to fund contracts entered into under subsection
15 (d)(3) of this section:

16 (1) May not exceed \$1,000,000 in any fiscal year; and

17 (2) May be made only:

18 (i) Pursuant to an appropriation approved by the General
19 Assembly in the annual State budget; or

20 (ii) Through the budget amendment procedure provided for in §
21 7-209 of the State Finance and Procurement Article, provided that:

22 1. The budget amendment and supporting information
23 have been submitted to the budget committees for review and comment; and

24 2. At least 45 days have elapsed from the time the
25 budget amendment and supporting information were submitted to the budget
26 committees.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 October 1, 2008.