

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 225

(Chair, Environmental Matters Committee)
(By Request – Departmental – State Police)

Environmental Matters

Judicial Proceedings

Motor Vehicles - Salvage Vehicle Inspection Fee - Collection and Payment

This departmental bill alters fee provisions applicable to the inspection of salvage vehicles by the Department of State Police (DSP).

Fiscal Summary

State Effect: Vehicle Salvage Fund revenues could increase by \$75,000 and special fund expenditures could increase by \$44,100 in FY 2009. Out-year estimates reflect annualization and inflation. There would be no meaningful fiscal impact on the Motor Vehicle Administration.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
SF Revenue	\$75,000	\$100,000	\$100,000	\$100,000	\$100,000
SF Expenditure	44,100	49,400	52,000	54,700	57,500
Net Effect	\$30,900	\$50,600	\$48,000	\$45,300	\$42,500

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

Local Effect: None.

Small Business Effect: The Department of State Police has determined that the bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill requires the fee for inspection of salvage vehicles to be collected by the Automotive Safety Enforcement Division of DSP at the time of inspection, rather than by the Motor Vehicle Administration (MVA) at the later time of titling the vehicle. The purpose of the fee continues to be to recover the cost of the salvage inspection program.

Current Law: The current salvage vehicle inspection fee of \$25 (as established in COMAR by MVA) must accompany all other fees associated with an application for a certificate of title for the vehicle filed with MVA. Salvage inspection fees collected by MVA are credited to DSP for deposit to the Vehicle Salvage Fund, a special fund administered by DSP for cost recovery purposes of this program only. They may not be credited to the Gasoline and Motor Vehicle Revenue Account for distribution to local governments as highway user revenues.

Background: According to DSP, because the salvage vehicle inspection fee is not collected until the time of title certificate application, Maryland's collection of this cost recovery fee does not occur for about 4,000 inspections out of the annual total of 12,000 to 14,000. This is because those 4,000 requests for salvage inspections are made each year by persons who later apply to title the vehicle in another state and, in so doing, avoid payment of the fee.

Because Maryland's salvage inspection fee is one of the lowest in the region, it is believed that the bill would capture that lost revenue and the number of requests for salvage inspections in the State would not change. Current salvage inspection fees for surrounding states are as follows:

Virginia	\$125
Delaware	\$15
Pennsylvania	\$0 (for PA resident)
West Virginia	\$35
New Jersey	\$200 (\$100 for motorcycles)

The above amounts are for the salvage inspection fees alone, and do not include salvage titling fees which range from \$10 to \$22.50.

State Revenues: Under the bill, approximately \$100,000 of new special fund revenues would be collected annually by DSP's Automotive Safety Enforcement Division (4,000 missed salvage inspection fees x \$25). Due to the bill's October 1, 2008 effective date, approximately 3,000 such inspections should be expected in fiscal 2009 with a

corresponding increase in special fund revenue of \$75,000. The other \$200,000 – \$250,000 annual special fund revenues now collected by MVA for salvage inspections done by the DSP, and later credited to DSP, would be collected and deposited directly to the Vehicle Salvage Fund by DSP.

State Expenditures: Special fund expenditures could increase by an estimated \$44,112 in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. This estimate reflects the cost of a fiscal accounts clerk to handle fee collections and account entries for all salvage vehicle inspections. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses

Salary and Fringe Benefits	\$35,767
Other Operating Expenses	<u>8,345</u>
Total FY 2009 DSP Expenditures	\$44,112

Future year expenditures reflect: • full salaries with 4.4% annual increases and 3% employee turnover; and • 2% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 30, 2008

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