

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Revised

House Bill 1151

(Chair, Economic Matters Committee)(By Request -
Departmental - Transportation)

Economic Matters

Finance

Vehicle Laws - Commercial Motor Vehicles - Minimum Security Requirements

This departmental bill authorizes the Motor Vehicle Administration (MVA), in consultation with the State Highway Administration (SHA), to adopt regulations consistent with specified federal transportation regulations. The regulations must apply to for-hire vehicles engaged in interstate commerce that exceed a gross vehicle weight rating of 10,000 pounds and are designed to either carry property or transport a driver and passengers, and to hazardous materials vehicles subject to federal marking or placarding requirements. All vehicles subject to these regulations must be in compliance at all times when operating on a highway in the State.

The bill takes effect January 1, 2011.

Fiscal Summary

State Effect: Federal fund revenues of more than \$3 million are maintained in FY 2011 and subsequent years, as SHA continues to qualify for existing federal transportation grants that it will no longer qualify for in the absence of the bill. The FY 2011 budget assumes receipt of the federal funding.

Local Effect: Federal fund revenues for local law enforcement agencies are maintained at more than \$120,000 in FY 2011 and subsequent years.

Small Business Effect: The Maryland Department of Transportation (MDOT) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: A person who registers a tow truck under the Maryland Vehicle Law or operates a tow truck in this State that is registered in another state must obtain commercial liability insurance in the amount of at least \$100,000 per person, \$300,000 per occurrence bodily injury liability, and \$100,000 per occurrence property damage liability. Otherwise, the security required of a vehicle registered in the State must provide for the payment of claims for bodily injury or death of up to \$20,000 for one person and up to \$40,000 for two or more persons, as well as for up to \$15,000 for damage and destruction of property.

Background: A January 2008 audit by the Federal Motor Carrier Safety Administration's Safety Program found that Maryland fails to comply with federal regulations regarding minimum insurance levels for certain carriers. Currently, commercial vehicles operating across state lines are already required to adhere to minimum levels of insurance that conform to federal requirements. However, there are no specific requirements in Maryland law that apply to commercial vehicles registered in Maryland, and there is no provision with which to enforce the minimum insurance level requirements on out-of-state carriers.

A state must correct any deficiencies found in an audit within three years of the discovery of the deficiency or risk losing all of the state's Motor Carrier Safety Assistance Program and related grant funding. According to MDOT, this equates to about \$3 million if the deficiency is not corrected by the January 2011 deadline. This bill will ensure conformance with federal requirements for both types of commercial vehicles traveling both interstate and intrastate, thereby correcting the deficiency discovered in the federal audit.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History:
ncs/ljm

First Reader - March 7, 2010
Revised - Enrolled Bill - May 14, 2010

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Vehicle Laws – Commercial Motor Vehicles – Minimum Security Requirements

BILL NUMBER: HB 1151

PREPARED BY: Maryland Department of Transportation

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

☒ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

☐ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.