

Department of Legislative Services
 Maryland General Assembly
 2010 Session

FISCAL AND POLICY NOTE

Senate Bill 85 (Chair, Judicial Proceedings Committee)(By Request -
 Departmental - Transportation)

Judicial Proceedings

Environmental Matters

Vehicle Laws - Electronic Transmission of Title Information by Dealers

This departmental bill authorizes the electronic submission of a completed application for certificate of title, along with the required taxes and fees, to the Motor Vehicle Administration (MVA) within 30 days of a vehicle’s delivery.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues may decrease by between \$37,500 and \$60,000 in FY 2011, which accounts for the bill’s effective date, and between \$50,000 and \$80,000 annually thereafter, due to collection of fewer penalty fees. This analysis uses the midpoint of these ranges. Expenditures are not affected.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
SF Revenue	(\$48,800)	(\$65,000)	(\$65,000)	(\$65,000)	(\$65,000)
Expenditure	0	0	0	0	0
Net Effect	(\$48,800)	(\$65,000)	(\$65,000)	(\$65,000)	(\$65,000)

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

Local Effect: None.

Small Business Effect: The Maryland Department of Transportation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment as discussed below.

Analysis

Current Law: MVA is authorized to implement an electronic system for the issuance of certificates of title and the recording and releasing of security interests. The electronic system is designed to transmit vehicle data, including title and registration applications, to and from licensed dealers. Within 30 days of the date of delivery of a vehicle, the vehicle dealer must send the title and registration application and all other required documents to MVA. The penalty for late submission of an application is currently set by MVA at \$15 for the first day and \$1 for each additional day late.

Background: Currently, 47% of title and registration transactions from dealers involve this electronic MVA system, commonly referred to as the electronic registration and titling (ERT) system. MVA advises that many dealers using the ERT system wait until close to the end of the required 30-day period to transmit an application electronically, because once submitted, the application fee cannot be voided and funds are guaranteed to MVA. However, even if the application is transmitted electronically within the 30-day period, complete with all necessary data, taxes, and fees, the late application penalty may still be imposed if supplemental or substantiating paperwork is received by mail at MVA after the 30-day period. As it is considered desirable for dealers to use the ERT system, the bill seeks to incent its continued use since the penalty for late applications could no longer be imposed for documents transmitted through the ERT system on time. The bill is also expected to have a beneficial impact on the operations of MVA through a reduction in foot traffic with fewer dealers attempting to carry supplemental paperwork into branch offices to ensure applications are submitted on time.

State Revenues: Based on calendar 2008 fourth quarter data, MVA estimates that TTF revenue from penalty fees collected by vehicle dealers in connection with late title application submissions totaled about \$70,500 on an annualized basis. However, MVA advises that this number is likely higher than the true total due to fee waivers and other settlements following appeal. Legislative Services advises that, without additional historical data, the best estimate of the decline in penalty fee revenue under the bill is a range of between \$50,000 and \$80,000 annually, or between \$37,500 and \$60,000 in fiscal 2011, due to the bill's October 1 effective date. For this estimate, the midpoint of these ranges is used; therefore, the estimated revenue decline is \$48,750 in fiscal 2011 and \$65,000 annually thereafter.

Small Business Effect: The bill is expected to have a minimal beneficial impact on small business vehicle dealers using ERT. These dealers will incur fewer expenses from late submission penalty fees or from costs related to transporting paperwork to MVA branch offices.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 19, 2010
mpc/ljm

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Vehicle Laws – Electronic Transmission of Title Information by Dealers

BILL NUMBER: SB 85

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.