

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

House Bill 38  
(Delegate Frush)  
Environmental Matters

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**Motor Vehicles - Disposal Under Indemnity Agreement - Repeal**

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This bill repeals the authorization for a person to transfer an abandoned vehicle, which is more than eight years old and has no engine or is otherwise totally inoperable, to an automotive recycler or scrapper without a certificate of title and without compliance with specified notice procedures.

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**Fiscal Summary**

**State Effect:** Department of State Police (DSP) operations are affected, but it is assumed that the additional burden can be handled with existing resources. Any related expenditures may be minimal and partially or fully offset by the collection of cost recovery charges authorized for impoundment, storage, or transfer of the vehicle. Motor Vehicle Administration operations are minimally affected to revise certain forms but can be handled with existing resources.

**Local Effect:** Local law enforcement operations may experience an additional burden as the elimination of procedures for the private transfer of abandoned vehicles causes an increase in law enforcement involvement in this process.

**Small Business Effect:** Potential minimal impact on small business automotive dismantlers and recyclers or scrap processors to the extent there is an interruption in the supply of abandoned vehicles being delivered.

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**Analysis**

**Current Law/Background:** An abandoned vehicle means a motor vehicle, trailer, or semitrailer that:

- is inoperable and left unattended 48 hours on public property;
- remains illegally on public property for 48 hours;
- is on private property without consent;
- has remained in a garage for more than 10 days after the garage keeper has given the vehicle owner notice to remove the vehicle, or beyond the time when, by contract, the vehicle was to remain in the garage;
- is left for more than 10 days in a garage by someone other than the registered owner or left by a person only authorized to have possession of the vehicle under a contract;
- has remained on public property for 48 hours and has invalid or incorrect registration plates;
- has been left unattended for 24 hours on a controlled access highway;
- has been left unattended on a highway and does not display appropriate warning devices; or
- is not reclaimed from impoundment as provided by law.

Generally, the police may take an abandoned vehicle into custody and impound the vehicle. In addition, any person who possesses or on whose property is found an abandoned vehicle may apply to the police department of the jurisdiction in which the vehicle is located for authority to transfer the vehicle to an automotive dismantler and recycler or scrap processor. If the vehicle remains unclaimed after three weeks, and following specified notice procedures, the vehicle may be sold at public auction. There are variations in laws among counties governing abandoned vehicles and their towing.

The process governing the disposition of abandoned vehicles is different for the transfer of certain vehicles referred to as “hulks,” which are more than eight years old and have no engine or are otherwise totally inoperable. A person can transfer a hulk to an automotive dismantler and recycler or scrap processor without following the same notice procedures and without possessing a certificate of title. The automotive dismantler and recycler or scrap processor may, however, require the transferor of the hulk to execute an indemnity agreement.

This separate process originated in the late 1960s as the result of an effort to rid the State of abandoned hulks. The current indemnity agreement and expedited procedure for the scrapping of hulks are the only remnants of a host of former incentives. In fact, Chapter 556 of 1969 provided for the payment of a fee (dubbed a “bounty” by the U.S. Supreme Court) for the scrapping of a vehicle, and also established a fine for maintaining abandoned vehicles in scrap yards. Although aspects of this initiative survived a challenge before the Supreme Court in 1976, most of the original incentives have since been repealed.

DSP and other law enforcement agencies in the State are heavily involved in the process of disposing of abandoned vehicles. In addition to environmental and aesthetic issues, a lack of control over the process of vehicle disposal may also lead to theft and other crimes. Because of this, DSP maintains a unit actively engaged in overseeing the lawful transfer of abandoned vehicles and proper disposal by vehicle scrappers or recyclers. The capabilities of this unit have been significantly enhanced recently due to a new statewide computer system established pursuant to Chapter 383 of 2008 to account for transactions in the secondary precious metals market, which includes sale of vehicles for salvage or scrap. The scrap value of a vehicle varies greatly, from several hundred to several thousand dollars, based on prevailing market conditions, demand for a particular vehicle make and model, whether the vehicle is a late model year or an older vehicle, vehicle weight, and other factors.

**State Fiscal Effect:** Due to the new Regional Automated Property Information Database system established under Chapter 383 of 2008 and recent efforts supported by the Maryland Vehicle Theft Prevention Council, DSP can likely handle the increase in abandoned vehicle transactions and oversight with existing resources.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - January 28, 2010  
ncs/ljm

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