

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

House Bill 802 (Delegate Stocksdale)  
Environmental Matters

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Vehicle Laws - Required Security - Provision of Evidence

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This bill requires the owner or operator of a vehicle to provide specified information regarding the required security for the vehicle on request of a police officer who has stopped the vehicle based on a suspected violation of the law. The bill authorizes a police department to take a vehicle into custody if the owner or operator of the vehicle fails to provide the evidence of required security during the stop.

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Fiscal Summary

**State Effect:** General fund revenues increase substantially due to enhanced enforcement of required security laws and the application of existing penalties for driving without required security, as well as the likely increase in the collection of insurance premium taxes. The workloads and operations of various State agencies with responsibility to enforce the Maryland Vehicle Law may be impacted. General fund expenditures increase due to the cost of incarceration under existing penalties and also to the extent that the workload of the District Court increases beyond what can be handled with existing resources.

**Local Effect:** Local police department workloads and operations may be significantly affected to the extent that the bill's authorization to take custody of a vehicle is exercised. Local government expenditures increase as a result of the enhanced enforcement of required security laws due to incarceration under existing penalties.

**Small Business Effect:** Meaningful beneficial impact for small business towing services, as well as automotive dismantlers, recyclers, and scrap processors; impound and storage lots; and other small businesses engaged in the service of holding or disposing of detained or abandoned vehicles.

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## Analysis

**Bill Summary:** The information required to be provided on request of a police officer by the owner or operator of a detained vehicle includes:

- the name and address of the insurance carrier or other provider of security;
- the policy or other identifying number of the liability insurance or other security, if it is available;
- the name and address of the local insurance producer or local office of the insurance carrier or other provider of security, if it is available; or
- any other evidence of the vehicle's required security.

**Current Law/Background:** The Motor Vehicle Administration (MVA) is prohibited from issuing or transferring a vehicle registration unless the owner or the prospective owner produces satisfactory evidence of required security. Required security may consist of either a vehicle liability insurance policy written by an insurer authorized to write policies in the State, or another form of security that MVA deems adequate. The owner of a motor vehicle that is required to be registered in Maryland has to maintain the required security for the vehicle during the vehicle's registration period and may not drive or permit another to drive a vehicle without required security.

Each insurer or other provider of required security must immediately notify MVA of a lapse in security. If the required security lapses, the registration of that vehicle is automatically suspended, effective within 60 days of the notification, and remains suspended until the vehicle owner submits evidence to MVA that the required security has been replaced and pays any uninsured motorist fee.

MVA may implement a system to enable insurers to submit a report of each policy issued for registered vehicles. If the required security for a vehicle lapses, MVA may assess the owner of the vehicle a penalty of \$150 for each vehicle without the required security for the first 30 days. Beginning on the thirty-first day, the fine increases by a rate of \$7 for each day, but the total fine may not exceed \$2,500 annually, not including the additional misdemeanor penalty of up to \$500, which may be prepaid with a fine of \$290. In addition, driving without the required security carries a penalty of up to \$1,000 or imprisonment for up to one year, or both, for a first offense; or up to \$1,000 or imprisonment for up to two years, or both, for a second offense; there is no prepayment fine available for this violation.

Chapter 441 of 2010 increased the minimum security required on a motor vehicle liability insurance policy for the bodily injury or death of a single individual from \$20,000 to \$30,000 and from \$40,000 to \$60,000 for the bodily injury or death of more than one individual. The minimum security required for property damage is \$15,000, in addition to interest and costs.

In Maryland, a police officer may charge a person with a violation of the Maryland Vehicle Law if the officer has probable cause to believe that the person has committed or is committing a violation. The officer must then issue a traffic citation, which must contain a driver's license number and the vehicle's registration number. Several other provisions of the Maryland Vehicle Law, as well as State criminal laws authorize or require a driver's license and vehicle registration to be displayed to a law enforcement officer. There is no current requirement to display proof of a vehicle's required security during a traffic stop.

Generally, a police department is authorized to take an abandoned vehicle into custody and impound the vehicle.

**State Fiscal Effect:** General fund revenues increase substantially due to enhanced enforcement of required security laws and the application of existing penalties. A reliable estimate cannot be made as to the number of additional violations of the required security laws. However, even without the current authority for police to ask a detained driver about required security, there were more than 20,000 prosecutions of the prohibition on driving without the required security in fiscal 2010. With enhanced enforcement capabilities, it is likely that the number of violations discovered may increase substantially. The current penalty for driving without required security is for, a first offense, a penalty of up to \$1,000 or imprisonment for up to one year, or both. Thus, the bill will likely result in an increase of several million dollars in penalty revenue and may result in several thousand additional incarcerations.

General fund revenues likely increase to a lesser extent as a result of the collection of additional insurance premium taxes. Assuming the bill has a deterrent effect, more vehicle owners may comply with the required security laws by purchasing insurance or other forms of required security. A reliable estimate cannot be made as to the number of additional vehicle owners who will choose to comply with the required security laws in any year. Legislative Services advises, however, that insurance premium tax revenue is unlikely to exceed \$1 million as a result of the bill.

The workloads and operations of various State agencies with responsibility to enforce the Maryland Vehicle Law may be significantly impacted to the extent the bill's authorization to take custody of a detained vehicle is exercised. While the towing and impounding of vehicles is generally accomplished through contracts with private

vendors, the time necessary to complete each traffic stop will likely increase if State law enforcement officers take custody of detained vehicles. In addition, overseeing the process of impounding and releasing vehicles and disposing of abandoned vehicles may result in a greater administrative burden. However, the Department of State Police, State Highway Administration, and Maryland Transportation Authority each indicated that the bill is not anticipated to significantly affect operations, and it is unknown to what extent each State agency with jurisdiction will choose to take custody of vehicles under the bill.

A second offense for driving without required security carries a penalty of up to two years in prison. Thus, general fund expenditures increase as a result of the application of existing incarceration penalties due to more people being committed to Division of Correction (DOC) facilities statewide. In addition, persons sentenced in Baltimore City are generally incarcerated in DOC facilities.

**Local Fiscal Effect:** Local police department workloads and operations may be significantly affected to the extent that the bill's authorization to take custody of a vehicle is exercised. However, many jurisdictions may choose not to detain a car due to the additional burden and time necessary to ensure a car is towed, stored, and properly disposed of or accounted for. For example, Baltimore City has indicated that it may opt to enforce the bill with the application of existing penalties instead of taking custody of detained vehicles. Other jurisdictions indicated that the bill is not expected to significantly affect operations. Many local governments contract with private vendors for the towing and storage of vehicles. To the extent that a local government utilizes its own resources to tow and store vehicles, expenditures and revenues may increase significantly.

Expenditures also increase minimally as a result of the bill's incarceration penalty. Counties pay the full cost of incarceration for people in their facilities for the first 12 months of the sentence. Per diem operating costs of local detention facilities have ranged from \$57 to \$157 per inmate in recent years.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Harford and Montgomery counties, Baltimore City, Maryland Insurance Administration, Maryland Automobile Insurance Fund, Department of State Police, Maryland Department of Transportation, Department of Legislative Services

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