

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 689

(Senator Middleton)

Judicial Proceedings

Environmental Matters

**Motor Vehicle Dealers - Issuance of Temporary Registration Plate - Lapsed
Security - Registration**

This bill specifies that the issuance of a temporary vehicle registration is exempt from the prohibition on the issuance of a vehicle registration to the owner of a vehicle who has allowed the required security to lapse. Thus, a vehicle dealer may issue a temporary registration plate to the buyer of a vehicle who has been penalized for the lapse of required security for another vehicle that the buyer owns.

Fiscal Summary

State Effect: General fund and Transportation Trust Fund revenues increase minimally beginning in FY 2012 as a result of temporary registrations being issued for a greater number of vehicles under the bill's authorization, thereby generating additional vehicle registration fees, and due to the collection of additional vehicle excise taxes to the extent that fewer prospective purchasers that are denied temporary registration in Maryland purchase vehicles out of State instead. Expenditures are not affected.

Local Effect: Local government revenues increase negligibly due to additional vehicle registration fees being distributed as highway user revenues.

Small Business Effect: Potential meaningful beneficial impact on small business automobile dealers to the extent that vehicle sales increase as a result of the bill's authorization to issue a temporary registration to a buyer who has been penalized for the lapse of required security.

Analysis

Current Law/Background: A licensed dealer may issue a cardboard temporary registration plate to the buyer of a vehicle once the buyer completes an application for temporary registration. Unless a 30-day extension is granted, temporary registration remains effective until the first of the following occurs: (1) receipt of annual registration; (2) rescission of the contract to purchase the vehicle; or (3) 60 days from issuance of the temporary registration.

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 this State 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.

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.

Additional Information

Prior Introductions: None.

Cross File: HB 319 (Delegate Frush) - Environmental Matters.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2011
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