

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 268

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

Environmental Matters

Motor Vehicle Administration - Vehicle Dealers

This departmental bill requires a licensed vehicle dealer to pay an annual fee for each business location. The bill also alters the definition of a vehicle “dealer” to make it consistent throughout the Maryland Vehicle Law and repeals a requirement that dealers apply for temporary registration plates in a minimum quantity of five plates at a time.

Fiscal Summary

State Effect: Transportation Trust Fund revenues may increase by about \$16,100 in FY 2013, which accounts for the bill’s effective date, and by about \$21,500 annually thereafter. This estimate assumes that the Motor Vehicle Administration (MVA) charges each dealer an additional \$500 biennial license fee for the 86 dealer locations not currently charged a fee and that the current dealer license renewal cycle is evenly distributed between FY 2013 and 2014. Expenditures are not affected.

Local Effect: None.

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 generally agrees with this assessment, as discussed below.

Analysis

Current Law/Background: A vehicle “dealer” has two different definitions in the Maryland Vehicle Law. In Title 15, which relates to business licensing, a dealer is

defined to include a person who is in the business of buying, selling, or exchanging vehicles, including a person who during any 12-month period offers to sell *three* or more vehicles acquired for resale purposes. However, the generally applicable Maryland Vehicle Law definition of “dealer” from Title 11 requires that a person sell a minimum of *five* vehicles during a 12-month period. Chapter 448 of 2002 changed the Title 15 definition of dealer to reduce the minimum number of vehicles that must be sold, but MVA advises that the failure to make a conforming change to the Title 11 definition was due to an oversight.

Currently, each licensed dealer must pay an annual license fee to MVA but need not pay more than one annual fee, regardless of the number of business locations. MVA advises that requiring only one annual fee, rather than one for each location, is unfair to smaller dealers. Moreover, according to MVA, a 2007 third-party study of MVA operations revealed that the cost involved in issuing vehicle dealer licenses was significantly higher than the fee that MVA charged for the licenses. Finally, MVA advises that most surrounding states charge annual fees based on the number of locations of each dealer. Currently, Delaware charges an annual fee of \$75 plus \$25 for additional locations; Pennsylvania charges an initial biennial license fee of \$65 and a renewal fee of \$175 for each location; and Virginia charges an annual license fee of \$300 for each principal place of business.

To obtain a temporary registration plate, statute requires a dealer to submit an application, fee, and a request for at least five temporary registration plates. However, MVA advises that, pursuant to Chapter 21 of 2010, it has developed a temporary tag system that allows dealers to print temporary tags on demand, making the minimum request of five plates unnecessary and obsolete.

Small Business Effect: The small business impact statement submitted by MDOT indicates that the bill will have no impact on small business in Maryland. However, the additional business license fee charged to dealers will have at least a minimal impact on small business vehicle dealers.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 12, 2012
ncs/ljm

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Motor Vehicle Administration – Vehicle Dealers

BILL NUMBER: HB 268

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.