

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 293

(Senator Zirkin)

Judicial Proceedings

Judiciary

Vehicle Laws - Judgment Debtors - License and Registration Suspension -
Modification

This bill removes the requirement for the Motor Vehicle Administration (MVA) to suspend the registration of all vehicles owned by a judgment debtor. Additionally, the bill authorizes MVA to modify the suspension of a driver's license or issue a restrictive license for a judgment debtor if a license is needed (1) to drive in the course of employment; (2) to attend an alcohol prevention or treatment program; (3) for transportation to or from a job, without which the ability to earn a living would be severely impaired; (4) to obtain health care treatment, including a prescription, for the licensee or his or her immediate family; (5) to attend a noncollegiate educational or postsecondary education institution; or (6) for the purpose of complying with a court order.

Fiscal Summary

State Effect: Special fund expenditures may increase for the Office of Administrative Hearings (OAH) beginning in FY 2014 to the extent additional personnel are needed to handle the estimated increase in driver's license suspension-related hearings. Transportation Trust Fund (TTF) expenditures increase for MVA beginning in FY 2014 to handle the increase in suspension-related administrative hearings and for computer reprogramming charges. TTF revenues decrease beginning in FY 2014 due to the collection of fewer registration restoration fees paid following the suspension of a vehicle's registration, partially offset by an increase in the collection of fees paid upon the issuance of a restrictive license. General fund revenues increase from the collection of additional filing fees in administrative hearings.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law/Background: Generally, on receipt of a certified copy of a judgment and a certificate of facts, MVA must suspend a judgment debtor's driver's license and the registration of all vehicles owned by the judgment debtor in Maryland until the judgment is stayed or satisfied. In this context, a "judgment" means any final judgment resulting from a cause of action (or a cause of action on agreement of settlement) arising out of the ownership, maintenance, or use of a vehicle required to be registered in Maryland. MVA may not suspend a license or registration if it finds that an insurer was obligated to pay the judgment, even if the judgment has not been paid for any reason.

If a person fails to satisfy a judgment within 30 days, the judgment creditor may send to MVA a certified copy of the judgment and a certificate of facts relating to the judgment. The certificate of facts is *prima facie* evidence of the facts stated in it.

After notice to the creditor, a judgment debtor may apply to the court to pay the judgment in installments. The court may order payment of the judgment in installments and may set and modify the amounts and times of the installment payments. If the judgment debtor obtains an order permitting payment of the judgment in installments, then MVA must reinstate any license or registration of the judgment debtor. However, upon notice that the judgment debtor has failed to pay any installment, MVA must suspend the license to drive of the judgment debtor and the registration of all vehicles owned by the judgment debtor and registered in Maryland. Once past-due installments have been paid, the judgment debtor again may apply to the court for the resumption of the privilege to make installment payments.

State Fiscal Effect: MVA advises that it suspends the license and registration of an average of 3,647 judgment debtors annually. Although a reliable estimate of the number of judgment debtors that may seek a suspension modification or restrictive license under the bill's authorization cannot be made, MVA and OAH assume that 50%, or 1,823 judgment debtors, seek a modification or restrictive license annually under the bill's provisions.

Thus, *for illustrative purposes only*, special fund expenditures increase by \$134,071 in fiscal 2014, which accounts for the bill's effective date, and by more than \$174,671 annually thereafter for OAH to hire one additional administrative law judge and docket clerk to hear the 1,823 additional suspension modification or restrictive license cases. This estimate includes salaries and benefits, additional supplies and equipment, and reflects inflation.

Additionally, under this assumption, TTF expenditures increase by about \$182,300 annually for the 1,823 additional driver's license suspension-related hearings, as MVA budgets about \$100 for each hearing. General fund revenues also increase from the collection of filing fees for the additional hearings before OAH.

In fiscal 2014 only, TTF expenditures increase by \$70,000 for MVA to contract with a private vendor to undertake necessary computer reprogramming. The Department of Legislative Services advises that, if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized in the contract with the MVA information technology vendor; this would reduce the costs associated with this bill and the other legislation affecting MVA. This estimate assumes that MVA can handle the increase in suspension-related transactions and internal computer reprogramming with existing budgeted resources.

The bill repeals the requirement for MVA to suspend the registration of all vehicles of a judgment debtor. Currently, an individual is required to pay a \$30 restoration fee to restore the individual's vehicle registration following suspension. Thus, assuming 3,647 judgment debtors do not have one vehicle registration suspended annually under the bill, TTF revenues decrease by about \$109,410 on an annual basis; this assumes that each judgment debtor owns only one car and, therefore, likely underestimates the actual decrease in revenues. However, this decrease is partially offset by the increase in the collection of \$20 restrictive license fees. If one-half of the 1,823 individuals assumed to be seeking a modified suspension or restrictive license are granted a restrictive license, then TTF revenues increase by \$18,220 annually.

The Department of Legislative Services advises that the actual increase in expenditures and net decrease in revenues may differ significantly to the extent that the actual share of judgment debtors seeking a suspension modification or restrictive license differs from the assumption of 50%. For example, if the number of additional hearings under the bill were substantially fewer than 1,823, then OAH may not need to hire two additional personnel and the net decrease in TTF revenues may be less significant.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Maryland Department of Transportation, Office of Administrative Hearings, Department of Legislative Services

Fiscal Note History: First Reader - February 11, 2013
mc/ljm

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