

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 1488

(Delegate Smigiel, *et al.*)

Environmental Matters

Vehicle Laws - Towing Companies - Disposal of Abandoned Vehicles

This bill requires the Motor Vehicle Administration (MVA) to issue a salvage certificate to a towing company in possession of an abandoned vehicle under specified conditions, including that specified notice is provided by the tower to the vehicle's former owner and any secured party. The bill also specifies that current abandoned vehicle notice requirements apply to police departments upon taking a vehicle into "the possession of the police department" rather than upon taking the vehicle into "custody."

Fiscal Summary

State Effect: MVA workloads may increase minimally to process any increase in salvage certificate applications, and Transportation Trust Fund (TTF) revenues may increase minimally from the collection of additional salvage certificate fees. However, the bill is not anticipated to materially affect State operations or finances.

Local Effect: The bill is not anticipated to materially affect local operations or finances.

Small Business Effect: Meaningful beneficial impact on small business towing companies that are able to receive salvage certificates and acquire vehicles as salvage.

Analysis

Bill Summary: The bill requires MVA to issue a salvage certificate to a towing company that takes possession of an abandoned vehicle, applies for a salvage certificate, and provides the owner and any secured party with 11 working days to recover the vehicle after specified notice is provided. The bill requires a towing company applying for a salvage certificate to send by certified mail, return receipt requested, a notice to the last known owner of the abandoned vehicle and each secured party in MVA records. The

notice must state that the vehicle has been taken into possession; provide a specified description of the vehicle; and inform the owner and any secured parties of the vehicle's location, of the right to reclaim the vehicle within 11 working days, and that – after the reclamation period – any rights, title, and interest in the vehicle are waived. The salvage certificate application must be accompanied by documentation of this notice and a fee to be established by MVA.

The bill alters the definition of vehicle “salvage” to include an abandoned vehicle that has been taken into possession by a towing company that uses only registered tow trucks and that has towed, recovered, or stored a vehicle on behalf of a police department or garage keeper.

Current Law/Background: Salvage refers to a vehicle that has been (1) damaged to the extent that the cost to repair the vehicle for legal operation on a highway exceeds 75% of the fair market value of the vehicle prior to sustaining the damage; (2) acquired by an insurance company as a result of a claim settlement; or (3) acquired by an automotive dismantler and recycler as an abandoned vehicle or for rebuilding or use as parts.

A salvage certificate may be issued, under specified conditions, to an insurance company that acquires a vehicle after a claim settlement, an automotive dismantler and recycler that acquires a salvage vehicle from a source other than an insurance company, or any other person that acquires or retains ownership of a vehicle that meets the definition of salvage.

An abandoned vehicle is defined as 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 for 48 hours;
- 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 under specific court order.

As soon as reasonably possible and within seven days after it takes an abandoned vehicle into *custody*, a police department must send a notice, by certified mail, return receipt requested, to the last known registered owner of the vehicle and each secured party. The notice must be sent to the last known owner of the abandoned vehicle and each secured party indicated in MVA records. The notice must state that the vehicle has been taken into possession, provide a specified description of the vehicle, and inform the owner and secured parties of the vehicle's location and the right to reclaim the vehicle upon payment of specified charges within three weeks, after which date any rights, title, and interest in the vehicle are waived. In Baltimore City and Montgomery County, the vehicle reclamation period is 11 working days after the receipt of the notice.

MVA issues licenses to conduct the business of an automotive dismantler and recycler or scrap processor (ADR/SP). After complying with specified notice procedures and a required 11 working-day reclamation period, an ADR/SP takes unencumbered title to a vehicle for purposes of dismantling, recycling, or scrap processing only. 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.

Small Business Effect: Some small businesses engaged in towing and storing abandoned vehicles on behalf of police departments or garage keepers may realize a meaningful increase in revenues as a result of the bill's authorization for towers to receive salvage certificates. This assumes that the receipt of the salvage certificate allows the towing service to receive a greater value for each abandoned vehicle than it might receive by transferring the vehicle to an ADR/SP instead. Some small business ADR/SPs may incur a meaningful decrease in revenues from the receipt of fewer abandoned vehicles.

Small businesses that tow and store abandoned vehicles taken into police custody on behalf of the police may be required to provide notice to abandoned vehicle owners and secured parties under the bill; however, it is assumed that the additional cost may be passed through to the contracting police department.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Montgomery County, Governor's Office of Crime Control and Prevention, Judiciary (Administrative Office of the Courts), Department of State Police, Maryland Department of Transportation, Department of Legislative Services

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mc/ljm

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