

# HOUSE BILL 1165

R4

6lr3150

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By: **Delegate Lisanti**

Introduced and read first time: February 11, 2016

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: March 17, 2016

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Vehicle Laws – Lapse or Termination of Required Security – Notice**

3 FOR the purpose of requiring a certain insurer or other provider of required vehicle security  
4 to immediately provide electronic notice of a certain lapse or termination of required  
5 security to the Motor Vehicle Administration and, under certain circumstances, the  
6 vehicle owner; and generally relating to the lapse or termination of required security  
7 for a vehicle.

8 BY repealing and reenacting, with amendments,  
9 Article – Transportation  
10 Section 17–106  
11 Annotated Code of Maryland  
12 (2012 Replacement Volume and 2015 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
14 That the Laws of Maryland read as follows:

15 **Article – Transportation**

16 17–106.

17 (a) If the required security for any vehicle lapses at any time, the registration of  
18 that vehicle:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (1) Is suspended automatically as of the date of the lapse effective not later  
2 than 60 days after notification to the Administration that the lapse has occurred; and

3 (2) Remains suspended until:

4 (i) The required security is replaced and the vehicle owner submits  
5 evidence of replaced security on a form as prescribed by the Administration and certified  
6 by an insurer or insurance producer; and

7 (ii) Any uninsured motorist penalty fee assessed is paid to the  
8 Administration.

9 (b) (1) Except as provided in paragraph (2) of this subsection, each insurer or  
10 other provider of required security [immediately shall notify the Administration  
11 electronically of those terminations or other lapses that are final] **SHALL IMMEDIATELY**  
12 **PROVIDE ELECTRONIC NOTICE OF THOSE TERMINATIONS OR OTHER LAPSES THAT**  
13 **ARE FINAL TO:**

14 (I) **THE ADMINISTRATION; AND**

15 (II) **THE VEHICLE OWNER, IF THE VEHICLE OWNER HAS**  
16 **PROVIDED AN E-MAIL ADDRESS TO THE INSURER OR OTHER PROVIDER OF**  
17 **REQUIRED SECURITY.**

18 (2) Each insurer or other provider of required security for a vehicle  
19 registered as a Class B (for hire) vehicle under Title 13 of this article shall notify the  
20 Administration within 45 days of a termination or other lapse that is final and occurs  
21 anytime after the required security is issued or provided.

22 (c) On receipt of a notice under subsection (b) of this section, the Administration  
23 shall make a reasonable effort to notify the owner of the vehicle that his registration has  
24 been suspended.

25 (d) (1) Within 48 hours after an owner is notified by the Administration of the  
26 suspension of registration, the owner shall surrender all evidences of that registration to  
27 the Administration.

28 (2) If the owner fails to surrender the evidences of registration within the  
29 48-hour period, the Administration:

30 (i) Shall attempt to recover from the owner the evidences of  
31 registration; and

32 (ii) May suspend his license to drive until he returns to the Motor  
33 Vehicle Administration the evidences of registration.

1           (3)     The Administration may enter into contracts with private parties to  
2 procure the services of independent agents to assist in the recovery of the evidences of  
3 registration as authorized in paragraph (2) of this subsection.

4           (e)     (1)     (i)     In addition to any other penalty provided for in the Maryland  
5 Vehicle Law, if the required security for a vehicle terminates or otherwise lapses during its  
6 registration year, the Administration may assess the owner of the vehicle with a penalty of  
7 \$150 for each vehicle without the required security for a period of 1 to 30 days. If a fine is  
8 assessed, beginning on the 31st day the fine shall increase by a rate of \$7 for each day.

9                     (ii)    Each period during which the required security for a vehicle  
10 terminates or otherwise lapses shall constitute a separate violation.

11                    (iii)   The penalty imposed under this subsection may not exceed  
12 \$2,500 for each violation in a 12-month period.

13           (2)     (i)     A penalty assessed under this subsection shall be paid as follows:

14                     1.     70% to be allocated as provided in subparagraphs (ii)  
15 through (vi) of this paragraph; and

16                     2.     30% to the Administration, which may be used by the  
17 Administration, subject to subsection (f) of this section, to provide funding for contracts  
18 with independent agents to assist in the recovery of evidences of registration as authorized  
19 in subsection (d)(3) of this section.

20                    (ii)    For the fiscal year beginning July 1, 2001, the percentage of the  
21 penalties specified under subparagraph (i)1 of this paragraph shall be allocated among the  
22 Vehicle Theft Prevention Fund, the Motor Vehicle Registration Enforcement Fund, the  
23 School Bus Safety Enforcement Fund, the Transportation Trust Fund, and the General  
24 Fund as follows:

25                     1.     \$400,000 to the Motor Vehicle Registration Enforcement  
26 Fund;

27                     2.     \$600,000 to the School Bus Safety Enforcement Fund;

28                     3.     \$2,000,000 to the Vehicle Theft Prevention Fund;

29                     4.     \$9,600,000 to the Transportation Trust Fund; and

30                     5.     The balance to the General Fund.

31                    (iii)   For the fiscal year beginning July 1, 2002, the percentage of the  
32 penalties specified under subparagraph (i)1 of this paragraph shall be allocated among the  
33 Vehicle Theft Prevention Fund, the Maryland Automobile Insurance Fund, the Motor

1 Vehicle Registration Enforcement Fund, the School Bus Safety Enforcement Fund, and the  
2 General Fund as follows:

- 3 1. \$400,000 to the Motor Vehicle Registration Enforcement  
4 Fund;
- 5 2. \$600,000 to the School Bus Safety Enforcement Fund;
- 6 3. \$2,000,000 to the Vehicle Theft Prevention Fund;
- 7 4. \$2,000,000 to the Maryland Automobile Insurance Fund;
- 8 and
- 9 5. The balance to the General Fund.

10 (iv) For each fiscal year beginning on or after July 1, 2003, the  
11 percentage of the penalties specified under subparagraph (i)1 of this paragraph shall be  
12 allocated among the School Bus Safety Enforcement Fund, the Vehicle Theft Prevention  
13 Fund, the Maryland Automobile Insurance Fund, and the General Fund as follows:

- 14 1. \$600,000 to the School Bus Safety Enforcement Fund;
- 15 2. \$2,000,000 to the Vehicle Theft Prevention Fund;
- 16 3. The amount distributed to the Maryland Automobile  
17 Insurance Fund in the prior fiscal year under the provisions of this paragraph adjusted by  
18 the change for the calendar year preceding the fiscal year in the Consumer Price Index –  
19 All Urban Consumers – Medical Care as published by the United States Bureau of Labor  
20 Statistics to the Maryland Automobile Insurance Fund; and
- 21 4. The balance to the General Fund.

22 (v) For each fiscal year beginning on July 1, 2013, the percentage of  
23 the penalties specified under subparagraph (i)1 of this paragraph shall be allocated among  
24 the School Bus Safety Enforcement Fund, the Vehicle Theft Prevention Fund, the Maryland  
25 Automobile Insurance Fund, and the General Fund as follows:

- 26 1. \$600,000 to the School Bus Safety Enforcement Fund;
- 27 2. \$2,000,000 to the Vehicle Theft Prevention Fund;
- 28 3. \$3,400,000 to the Maryland Automobile Insurance Fund;
- 29 and
- 30 4. The balance to the General Fund.

1 (vi) For each fiscal year beginning on or after July 1, 2014, the  
2 percentage of the penalties specified under subparagraph (i)1 of this paragraph shall be  
3 allocated among the School Bus Safety Enforcement Fund, the Vehicle Theft Prevention  
4 Fund, the Maryland Automobile Insurance Fund, and the General Fund as follows:

5 1. \$600,000 to the School Bus Safety Enforcement Fund;

6 2. \$2,000,000 to the Vehicle Theft Prevention Fund;

7 3. To the Maryland Automobile Insurance Fund, the amount  
8 distributed to the Maryland Automobile Insurance Fund in the prior fiscal year under the  
9 provisions of this paragraph adjusted by the change for the calendar year preceding the  
10 fiscal year in the Consumer Price Index – All Urban Consumers – Medical Care as  
11 published by the United States Bureau of Labor Statistics; and

12 4. The balance to the General Fund.

13 (3) If the Administration assesses a vehicle owner or co-owner with a  
14 penalty under this subsection, the Administration may not take any of the following actions  
15 until the penalty is paid:

16 (i) Reinstate a registration suspended under this subsection;

17 (ii) Except for a temporary registration as provided under §  
18 13–602(a)(2) of this article, issue a new registration for any vehicle that is owned or  
19 co-owned by that person and is titled after the violation date; or

20 (iii) Renew a registration for a vehicle that is owned or co-owned by  
21 that person.

22 (4) (i) In this paragraph, “family member” means any individual whose  
23 relationship to the vehicle owner is one of those listed under § 13–810(c)(1) of this article  
24 as being exempt from paying the excise tax imposed on the transfer of a vehicle.

25 (ii) The monetary penalties provided in this subsection may not be  
26 avoided by transferring title to the vehicle.

27 (iii) Regardless of whether money or other valuable consideration is  
28 involved in the transfer, if title to a vehicle is transferred by an individual who has violated  
29 this subtitle to a family member, any suspension of the vehicle’s registration that occurred  
30 before the transfer shall continue as if no transfer had occurred and a new registration may  
31 not be issued until the penalty fee is paid.

32 (5) An amount equal to the monetary penalties paid to the Administration  
33 under paragraph (2) of this subsection may be used by the Administration only for the  
34 enforcement of this subtitle.

1 (f) From the amount distributed to the Administration under subsection (e)(2)(i)2  
2 of this section, expenditures to fund contracts entered into under subsection (d)(3) of this  
3 section:

4 (1) May not exceed \$1,000,000 in any fiscal year; and

5 (2) May be made only:

6 (i) Pursuant to an appropriation approved by the General Assembly  
7 in the annual State budget; or

8 (ii) Through the budget amendment procedure provided for in §  
9 7–209 of the State Finance and Procurement Article, provided that:

10 1. The budget amendment and supporting information have  
11 been submitted to the budget committees for review and comment; and

12 2. At least 45 days have elapsed from the time the budget  
13 amendment and supporting information were submitted to the budget committees.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 October 1, 2016.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.