

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 122 (Chair, Environment and Transportation Committee)(By
Request - Departmental - State Police)

Environment and Transportation

Judicial Proceedings

**Motor Vehicles - Electronic Inspection Certificates for Used Vehicles - Sunset
Extension**

This bill extends the termination date for the electronic inspection certificate program for used vehicles by three years to June 30, 2020.

The bill takes effect June 1, 2017.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations; minimal cost savings and operational efficiencies attributable to the electronic program continue through FY 2020.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law: The Automotive Safety Enforcement Division of the Department of State Police (DSP) must prepare inspection certificate forms and provide them without charge to inspection stations. When a licensed dealer that is also an inspection station transfers most types of used vehicles, it is required to prepare an inspection certificate or have one prepared by another inspection station. If any other person transfers a used vehicle, generally the person must obtain an inspection certificate from an inspection station.

Before the Motor Vehicle Administration titles and registers a used vehicle, it must require a valid inspection certificate for the vehicle.

An “inspection certificate” is defined as a certification by an inspection station (in a format established by DSP) that certifies that, as of its date, a specified vehicle meets or exceeds equipment standards, and it identifies the inspection station and the registered individual who personally inspected the vehicle.

The Automotive Safety Enforcement Division is authorized to establish standards by regulation for the operation of inspection stations.

Background: Chapter 91 of 2014 required the Automotive Safety Enforcement Division of DSP to establish the manner and format for the submission of an inspection certificate for the transfer of a used vehicle and authorized, but did not require, electronic submission. Chapter 91 also made several changes to the requirements and procedures governing the issuance and display of used vehicle inspection certificates. Generally, Chapter 91 repealed references to a physical certificate, such as requirements to sign and date a certificate and to attach or affix a certificate to a vehicle window. Chapter 91 also removed the requirement that certificates be issued without charge by an inspection station. Absent this bill, the changes made by Chapter 91 abrogate on June 30, 2017, and the system of issuing a physical inspection certificate and attaching it to a vehicle window is reinstated.

DSP advises that 1,112 stations participate in the program, and more than 80% of all inspections are now performed electronically. The extension of the authorization eliminates the need for paper inspection forms, which stations were previously required to keep for years, and reduces fraud and theft of certificates.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of State Police; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2017
mm/ljm Third Reader - March 10, 2017

Analysis by: Eric Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Motor Vehicles – Electronic Inspection Certificates for Used Vehicles –
Repeal of Sunset

BILL NUMBER: HB 122

PREPARED BY: Thomas Williams, Department of State Police

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

This legislation will require licensed inspection stations to use the electronic inspection program regulated by the MSP. The cost to the inspection station to participate in the program may not exceed \$4 per issued certificate. The station may pass the cost on to the person requesting the inspection. Small business will be required to have a computer as part of the inspection equipment.

There is a cost savings to the inspection station as they no longer have to store records of inspections for multiple years and the automated process allows the mechanic to complete inspections faster as there is no paperwork to complete. Paper is eliminated from the process at the station, MVA and the MSP Automotive Safety Enforcement Division.