

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 219

(Delegate Addison, *et al.*)

Environment and Transportation

Judicial Proceedings

Vehicle Laws - Out-of-State Vehicles - Improper Registration

This bill requires the Motor Vehicle Administration (MVA) to engage in a specified process to facilitate compliance with State vehicle registration requirements when MVA has probable cause to believe that a vehicle owner is a resident of the State and has failed to properly register the vehicle with MVA and display registration plates issued by MVA. The process, as described below, includes (1) the issuance of warnings by MVA to applicable vehicle owners with a 60-day compliance period; (2) the assessment of civil fines by MVA for noncompliance beyond the initial 60 days; and (3) referrals by MVA to local jurisdictions for potential additional enforcement actions against vehicles when owners remain out of compliance after 120 days from when the warning was issued.

Fiscal Summary

State Effect: Special fund revenues (primarily Transportation Trust Fund (TTF)) increase beginning in FY 2026, likely by *several million dollars* under the assumptions discussed below. TTF expenditures increase by \$548,000 in FY 2026 for staff to administer the bill; out-years reflect annualization, as discussed below.

Local Effect: Local government revenues increase from additional local highway user revenues and payment of past-due automated enforcement citations, as discussed below. Expenditures are not anticipated to be materially affected, as discussed below.

Small Business Effect: Minimal.

Analysis

Bill Summary: In addition to any other penalty specified in the Maryland Vehicle Law, if MVA has probable cause to believe that a vehicle owner is a resident of the State and

has failed to properly register the vehicle with MVA and display valid registration plates issued by MVA on the vehicle, MVA must engage in the process described below to bring the vehicle into compliance with Maryland vehicle registration requirements.

- ***Issuance of Warning and 60-day Compliance Period*** – MVA must issue a warning to the vehicle owner that the owner has 60 days from the date of the warning to properly register the vehicle in Maryland and display valid MVA-issued registration plates or provide proof acceptable to MVA that the vehicle is *not* required to be registered in the State. The vehicle owner must obtain and display on the vehicle a nonresident permit issued by MVA if the owner provides this acceptable proof and MVA determines a permit is required.
- ***Civil Fine for Continued Noncompliance*** – If, within the 60-day compliance period, the vehicle owner fails to comply with Maryland vehicle registration requirements or provide acceptable proof that Maryland registration is not required, MVA must impose a civil fine against the vehicle of \$7 per day of continued noncompliance for up to 60 days.
- ***Civil Action In Rem Against the Vehicle for Persistent Noncompliance*** – MVA must notify the appropriate local jurisdiction if the vehicle owner still has not complied after 120 days from the warning. The appropriate county State's Attorney *may* bring a civil action *in rem* (an action against the vehicle) for immobilization of the vehicle by towing or removal and impoundment or booting.

Current Law:

Out-of-state Registration

Unless otherwise exempt, each motor vehicle, trailer, semitrailer, and pole trailer driven on a highway in the State must be registered with MVA. Registration is not required for a vehicle owned by a new resident of the State during the first 60 days of residency if the vehicle displays a valid out-of-state registration. If a motor vehicle required to be registered is not registered, a person may not park the unregistered motor vehicle on any public alley, street, or highway or on private property used by the public in general, including parking lots of shopping centers, condominiums, apartments, or town house developments. Also, a person may not drive or attempt to drive a vehicle on any highway in the State without a valid registration as required from MVA. The annual vehicle registration fee varies by class and weight.

A person who has not properly registered a vehicle is guilty of a misdemeanor and is subject to a maximum fine of \$500. The District Court assesses a prepayment penalty of \$290 for this offense. Also, MVA may take possession of any certificate of title, registration card, permit, license, or registration plate that has been issued by another jurisdiction but is being illegally used or displayed.

Nonresident Permit

Individuals meeting specified criteria are exempt from Maryland vehicle registration requirements. However, these individuals may be required to, or may choose to, obtain a nonresident permit, which allows a licensed driver to maintain and operate a vehicle registered out-of-state. Examples of these individuals include students enrolled in Maryland colleges and universities, active-duty military, and temporary employees.

If a nonresident temporarily maintains or occupies a dwelling in the State for a period more than 30 days, but not more than one year, the nonresident must obtain a nonresident permit from MVA, in lieu of registration, within 10 days immediately following the 30-day period. A nonresident permit is generally valid for up to one year.

However, a nonresident who is a student enrolled in an accredited school, college, or university of the State or of a bordering state *must* obtain a nonresident permit from MVA, in lieu of registration, within 30 days of maintaining or occupying a dwelling in Maryland. A nonresident permit issued to a student is valid for up to one year but may be renewed annually in accordance with the nonresident's eligibility for the exemption.

Also, a nonresident who is a member of the armed forces of the United States or of the United States Public Health Services and is serving on active duty in the State, an adjoining state, or the District of Columbia *may* obtain a nonresident permit (which is valid until the expiration date of the registration plates of the vehicle) from MVA, in lieu of registration, if the permit application is made within 10 days immediately following the 30-day period.

Generally, the nonresident permit must be displayed on the windshield of the nonresident's exempt vehicle in the place and manner described by MVA. The annual fee for a nonresident permit is \$27.

Out-of-state Improper Registrations Report

Chapter 648 of 2024 required MVA, in consultation with Baltimore City and other interested jurisdictions, to prepare a report, as specified, on motor vehicles owned by Maryland residents that are improperly registered in another state. MVA issued its [report](#) in January 2025. Based on data received from the Virginia Department of Motor Vehicles, MVA determined that 46,690 vehicles were registered in Virginia by owners residing in Maryland; the most affected jurisdictions were Prince George's County, Baltimore City, and Baltimore County.

State Fiscal Effect: MVA must establish a framework to implement the bill. Accordingly, TTF expenditures increase by \$547,815 in fiscal 2026. As enforcement efforts must be ongoing, the staffing costs are maintained in the out-years. Initial enforcement actions are

expected to be targeted at the approximately 50,000 vehicles identified as being improperly registered in Virginia. MVA assumes that 25,000 of those vehicles are likely to comply with Maryland registration requirements. If they come into compliance in fiscal 2026, the readily quantifiable revenue impacts under the bill are likely to total at least \$7.1 million in the first year of implementation, as discussed further below. However, for the initial group that comes into compliance, out-year revenues are lower.

Nevertheless, revenues continue to grow as additional enforcement efforts are undertaken to facilitate compliance of other vehicles owned by Maryland residents who maintain out-of-state registrations.

Expenditures

MVA advises that a dedicated unit is needed to investigate each of the estimated 50,000 vehicles identified in MVA's January 2025 report as being owned by a Maryland resident who maintains a registration in Virginia, including a visit to the vehicle owner's address to confirm the owner is a Maryland resident and that the vehicle is registered in Virginia. MVA indicates that the magnitude of ongoing efforts to investigate improper registrations statewide beyond the initial cohort of targeted vehicle owners requires continued permanent staff, as discussed below.

Accordingly, TTF expenditures increase by \$547,815 in fiscal 2026, which accounts for the bill's October 1, 2025 effective date, and by \$728,144 in fiscal 2030. This estimate reflects the cost of hiring a unit of seven MVA investigators and one manager to administer a program to perform investigations of vehicle owners who have been identified in the report as maintaining improper registrations in Virginia and to conduct ongoing investigations statewide of additional improper registrations. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	8.0
Salaries and Fringe Benefits	\$488,865
Operating Expenses	<u>58,950</u>
FY 2026 MVA Staffing Expenditures	\$547,815

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

MVA advises a significant programming effort is necessary to track the issuance of warnings, investigations, civil fines, notification of local jurisdictions, and other duties under the bill. Nevertheless, MVA advises that effort can be undertaken with existing budgeted resources.

Revenues

Special fund revenues increase beginning in fiscal 2026, which assumes expeditious implementation of the bill, likely by at least \$7.1 million in the first year. Under the assumptions below, most of that revenue impact is on TTF (\$6.1 million), while other special funds realize a combined \$1.0 million in fiscal 2026. Out-year impacts reflect only ongoing fees (annual or biennial) and are assumed to total \$3.8 million or more. This estimate is based largely on the findings of the 2025 report, with approximately 50,000 vehicle owners identified as Maryland residents who maintain a registration in Virginia.

Exhibit 1 (on page 7) illustrates the likely and readily quantifiable special fund revenue impacts under the bill over the five-year period from fiscal 2026 through 2030. It reflects *only* the group of vehicle owners assumed to be initially targeted (the first cohort) and come into compliance with Maryland registration requirements.

- ***Annual Vehicle Registration*** – In fiscal 2026, 25,000 of the 50,000 vehicles (50%) comply with Maryland registration requirements and choose to annually renew their registration. The annual vehicle registration fee varies by class and weight.
 - A certificate of title for each vehicle must be issued by MVA when coming into compliance with Maryland registration requirements. The one-time titling fee is \$100 (other costs associated with titling are not as readily quantifiable and have not been accounted for).
 - According to MVA, the average annual registration fee for all weight classes of vehicles is \$97.50 in fiscal 2026 and increases to \$105.83 in fiscal 2027 and the out-years.
 - Additionally, each vehicle registration incurs a \$40.00 surcharge, which is distributed to the Maryland Trauma Physician Services Fund, the R Adams Cowley Shock Trauma Center, and the Maryland Emergency Medical Systems Operations Fund.
 - Electric vehicles are also subject to annual surcharges at registration; any such additional surcharges have not been accounted for.
- ***Removing the Administrative Flag*** – In fiscal 2026 only, 12,500 vehicles (50% of vehicles coming into compliance with Maryland registration requirements) must pay an administrative flag fee of \$30 before the vehicle can be registered. Flags are placed on a vehicle's account by MVA for unpaid fees or fines and must be cleared before registration (whether initial or renewal).
- ***Vehicle Emissions Inspection Program*** – Beginning in fiscal 2026, 10,000 of the newly registered vehicles are subject to testing each year (which is biennial). This assumes that a total of 20,000 vehicles (80% of vehicles coming into compliance with Maryland registration requirements) are subject to the Vehicle Emissions

Inspection Program (VEIP). Further, it assumes that one-half of those vehicles (10,000) had a similar VEIP test in Virginia and are exempt from the Maryland VEIP requirements in the first year under reciprocity provisions. The VEIP test fee is \$14.

- **Nonresident Permits** – In fiscal 2026, 5,000 vehicles (10% of all targeted vehicles) qualify for a nonresident permit, and of these, it is assumed that mostly students annually renew the permit for two additional years (in fiscal 2027 and 2028). The annual fee for a nonresident permit is \$27.
- **Civil Fines** – In fiscal 2026 only, 5,000 vehicles (10% of all targeted vehicles) incur a civil fine of \$7 per day for an average of 15 days.

Other Assumptions

As noted above, this estimate assumes the total number of vehicle registrations coming into compliance under the bill (25,000 vehicles) in fiscal 2026 remains constant in the out-years. To the extent fewer vehicles come into compliance, revenues are lower. Conversely, to the extent the number of vehicle registrations increases beyond that accounted for in this analysis, special fund revenues increase further. MVA advises that out-of-state improper registrations in states other than Virginia are likely.

The special fund revenue estimates in this analysis reflect only the initial targeted cohort of vehicle owners who are residents of Maryland maintaining a registration in Virginia. In the out-years, MVA is likely to target registrations from other states. The same categories of revenues are expected to be realized for each such targeted group (or cohort) coming into compliance and result in a compounding effect on revenues.

The Department of Legislative Services notes that the revenues and expenditures referred to above do not account for (1) special fund revenues for excise taxes, the annual surcharge for electric vehicles, and compliance by vehicle owners who are Maryland residents maintaining a registration in a state other than Virginia; (2) any increase in fees that is under consideration during the 2025 legislative session; (3) other likely effects outside of vehicle registration, including issuance of additional Maryland driver's licenses; and (4) any quantification of local highway user revenue impacts.

Exhibit 1
Illustrative Quantifiable Revenue Impacts from Targeting
of Initial 50,000 Vehicles Registered in Virginia
Fiscal 2026-2030

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Associated with Registration					
<i>Transportation Trust Fund</i>					
Annual Registration Fee	\$2,437,500	\$2,645,750	\$2,645,750	\$2,645,750	\$2,645,750
Titling Fee (one-time)	2,500,000	0	0	0	0
Flag Fee (one-time)	375,000	0	0	0	0
<i>Other Special Funds</i>					
EMS Annual Surcharge					
to MEMSOF	\$612,500	\$612,500	\$612,500	\$612,500	\$612,500
to MTPSF	162,500	162,500	162,500	162,500	162,500
to Shock Trauma	225,000	225,000	225,000	225,000	225,000
Other Related Requirements					
<i>Transportation Trust Fund</i>					
VEIP (biennial)	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000
Nonresident Permit Fee	135,000	135,000	135,000	--	--
Civil Fines (one-time)	525,000	0	0	0	0
<i>Transportation Trust Fund</i>	\$6,112,500	\$2,920,750	\$2,920,750	\$2,785,750	\$2,785,750
<i>Other Special Funds</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Total Quantified Impact	\$7,112,500	\$3,920,750	\$3,920,750	\$3,785,750	\$3,785,750

EMS: Emergency Medical Services

MEMSOF: Maryland Emergency Medical System Operations Fund (as much as \$24.50 of the \$40.00 surcharge)

MTPSF: Maryland Trauma Physician Services Fund (\$6.50 of the \$40.00 surcharge)

Shock Trauma: R Adams Cowley Shock Trauma Center (at least \$9.00 of the \$40.00 surcharge)

VEIP: Vehicle Emissions Inspection Program

Notes: This illustrative example is based on (1) targeting of 50,000 vehicles in Maryland with Virginia registration plates, with expeditious implementation of the bill; (2) 25,000 of them becoming registered in Maryland in the first year of implementation (fiscal 2026) and paying other fees/surcharges associated with registration; (3) 20,000 of those registered vehicles being subject to the Vehicle Emissions Inspection Program (with 10,000 tested each year as the testing is done on a biennial basis and one-half are assumed to carry forward their testing from Virginia on a reciprocal basis); and (4) another 5,000 instead being eligible for nonresident permits. As nonresident permits are typically limited to a one-year duration, this analysis assumes most nonresident permits under the bill are issued to students (who qualify for annual renewal) or military personnel (who may choose to obtain such a permit throughout the registration period of their out-of-state vehicle) and are generally limited to the first three years of coming into compliance (although further out-year impacts are possible). From among the group of 50,000 vehicles, 5,000 owners are assumed to pay, on average, 15 days of civil fines at \$7 a day.

Source: Maryland Department of Transportation; Department of Legislative Services

Local Fiscal Effect: Local governments may benefit from additional local highway user revenues (a portion of MVA vehicle registration fees) and the payment of past-due local automated enforcement citations (required before a vehicle may be registered in the State). Based on responses from a limited number of counties, the number of civil actions *in rem* is expected to be nominal. However, expenditures may increase negligibly to the extent a county State's Attorney initiates a civil action *in rem* (against the vehicle) for a vehicle owner who has not come into compliance with Maryland registration requirements as specified in the bill. Costs for immobilization of the vehicle by towing or removal and impoundment, or booting are assumed to be paid by the vehicle owner.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 357 and HB 332 of 2024.

Designated Cross File: None.

Information Source(s): Baltimore City; Baltimore, Charles, and Prince George's counties, Department of State Police; Maryland Department of Transportation; Maryland State's Attorneys' Association; Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2025
caw/aad Third Reader - March 27, 2025
Revised - Amendment(s) - March 27, 2025

Analysis by: Joanne E. Tetlow

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