

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 111
(Senator McCray)
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 2027, likely by *several million dollars* under the assumptions discussed below. TTF expenditures increase by \$379,400 in FY 2027 for MVA to administer the bill; out-years reflect annualization and ongoing operating costs, 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 *either* 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 \$7.00 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 initial 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 uniformed services of the United States or of the U.S. 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. Since then, MVA has determined that, as of October 2025, approximately 77,550 individuals with Maryland addresses have a vehicle registered in Virginia.

State Fiscal Effect: TTF expenditures increase by \$379,365 in fiscal 2027 for MVA to establish an administrative framework to implement the bill.

Initial enforcement actions are expected to be targeted at the approximately 77,550 vehicles identified as being, often improperly, registered in Virginia. MVA assumes that

one-half (38,775) of those vehicles are likely to comply with Maryland registration requirements. If they were all to come into compliance in fiscal 2027 (which assumes expeditious implementation), the readily quantifiable revenue impacts under the bill could total approximately \$15.4 million that year, 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 additional customer service agents are needed to handle the likely influx of registrations. Accordingly, TTF expenditures increase by \$379,365 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date, and by \$481,697 in fiscal 2031. This estimate reflects the cost of hiring five additional customer service agents to manage increased workloads under the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	5.0
Salaries and Fringe Benefits	\$278,795
Operating Expenses	<u>100,570</u>
FY 2027 MVA Staffing Expenditures	\$379,365

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This estimate also includes ongoing mailing costs totaling \$54,866 annually.

Revenues

Special fund revenues increase beginning in fiscal 2027, which assumes expeditious implementation of the bill, likely by at least \$15.4 million in the first year. Under the assumptions below, most of that revenue impact is on TTF (\$13.8 million), while other special funds realize a combined \$1.6 million in fiscal 2027. Out-year impacts reflect only ongoing fees (annual or biennial) and are assumed to total \$6.2 million.

Exhibit 1 illustrates the likely and readily quantifiable special fund revenue impacts under the bill over the five-year period from fiscal 2027 through 2031. It reflects *only* the group of vehicle owners assumed to be initially targeted (the first cohort) and quickly come into compliance with Maryland registration requirements.

Exhibit 1
Illustrative Readily Quantifiable Revenue Impacts from Targeting
Vehicles Registered in Virginia
Fiscal 2027-2031

	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Associated with Registration					
<i>Transportation Trust Fund</i>					
Annual Registration Fee	\$4,103,558	\$4,103,558	\$4,103,558	\$4,103,558	\$4,103,558
Titling Fee (one-time)	7,755,000	-	-	-	-
Flag Fee (one-time)	581,625	-	-	-	-
<i>Other Special Funds</i>					
EMS Annual Surcharge					
to MEMSOF	\$949,988	\$949,988	\$949,988	\$949,988	\$949,988
to MTPSF	252,038	252,038	252,038	252,038	252,038
to Shock Trauma	348,975	348,975	348,975	348,975	348,975
Other Related Requirements					
<i>Transportation Trust Fund</i>					
VEIP (biennial)	\$465,300	\$465,300	\$465,300	\$465,300	\$465,300
Nonresident Permit Fee	104,679	104,679	104,679	104,679	104,679
Civil Fines (one-time)	814,275	-	-	-	-
Transportation Trust Fund	\$13,824,437	\$4,673,537	\$4,673,537	\$4,673,537	\$4,673,537
Other Special Funds	\$1,551,000	\$1,551,000	\$1,551,000	\$1,551,000	\$1,551,000
Total Quantified Impact	\$15,375,437	\$6,224,537	\$6,224,537	\$6,224,537	\$6,224,537

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 77,550 vehicles in Maryland with Virginia registration plates, with expeditious implementation of the bill; (2) 38,775 of them becoming registered in Maryland in the first year of implementation (fiscal 2027) and paying other fees/surcharges associated with registration; (3) 31,020 of those registered vehicles being subject to VEIP (with 15,510 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 3,877 instead being eligible for nonresident permits on an ongoing basis. From among the group of 77,550 vehicles, 7,755 owners are assumed to pay, on average, 15 days of civil fines at \$7.00 a day.

Source: Maryland Department of Transportation; Department of Legislative Services

- **Annual Vehicle Registration** – In fiscal 2027, 38,775 of the 77,550 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 \$200.00 (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 Class A and Class M vehicles is \$105.83.
 - 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 2027 only, 19,388 vehicles (50% of vehicles coming into compliance with Maryland registration requirements) must pay an administrative flag fee of \$30.00 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 2027, 15,510 of the newly registered vehicles are subject to testing each year (which is biennial). This assumes that a total of 31,020 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 (15,510) 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 \$30.00.
- **Nonresident Permits** – In fiscal 2027, 3,877 vehicles (5% of all targeted vehicles) qualify for a nonresident permit and a similar number renew each year. The annual fee for a nonresident permit is \$27.00.
- **Civil Fines** – In fiscal 2027 only, 7,755 vehicles (10% of the vehicles with Virginia tags) incur a civil fine of \$7.00 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 (38,775 vehicles) in fiscal 2027 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) other likely effects outside of vehicle registration, including issuance of additional Maryland driver's licenses; and (3) any quantification of local highway user revenue impacts. Even so, a preliminary analysis from MVA indicates that vehicle excise tax revenues under the bill could be significant, ranging from \$26.2 million to \$65.5 million, depending on the number of vehicles subject to the tax and their value.

Local Fiscal Effect: Local governments may benefit from additional local highway user revenues (because a portion of MVA vehicle registration fees is shared with local governments through the Gasoline and Motor Vehicle Revenue Account) and the payment of past-due local automated enforcement citations (required before a vehicle may be registered in the State). For example, Baltimore City advises that 63% of such citations issued to vehicles with Virginia tags in 2025 are still outstanding; the percentage for unpaid 2024 citations is even higher, at 82%.

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 HB 219 of 2025.

Designated Cross File: HB 212 (Delegate Addison) - Environment and Transportation.

Information Source(s): Maryland Department of Transportation; Judiciary (Administrative Office of the Courts); Department of State Police; Baltimore and Prince George's counties; Baltimore City; Department of Legislative Services

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