



Larry Hogan
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Lt. Governor

James F. Ports, Jr.
Secretary

March 23, 2022

The Honorable William C. Smith, Jr.
Chairman, Senate Judicial Proceedings Committee
2 East Miller Senate Office Building
Annapolis, MD 21401

RE: *Letter of Information – House Bill 368 – Vehicle Laws - Penalties for Lapse of Security - Transferred Certificate of Title (Motor Vehicle Registration Clarification Act)*

Dear Chairman Smith and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on House Bill 368 but offers the following information for the Committee's consideration.

House Bill 368 would prohibit the MDOT Motor Vehicle Administration (MVA) from assessing a penalty for an insurance lapse if a vehicle's previous owner returns the registration plates to the MDOT MVA and the vehicle's title is transferred within 10 days of selling a vehicle.

Currently, the MDOT MVA requires customers to return tags before cancelling insurance on a vehicle. If a customer cancels their insurance prior to receiving a receipt for returning their tags, this can result in a fine being assessed for a lapse in insurance coverage.

The quickest way to obtain a receipt is via in-person branch visits, which does not require an appointment. When customers return tags this way, a tag return receipt is processed at the time of the transaction and either a hard copy or email is provided immediately. Under current procedures, customers can immediately cancel insurance after the return of tags is completed, and no fine will result.

Customers also can return tags to 24/7 drop boxes, currently located at nine MDOT MVA branches across Maryland. In order to expand this service, the MDOT MVA is actively working to install drop boxes at all full-time branch offices statewide. Alternatively, should customers be unable to visit a branch or drop box, customers are able to mail the tags to the MDOT MVA headquarters in Glen Burnie. Once the return has been processed by either method, customers can download a copy of their tag return receipt via the MDOT MVA's online portal; should the customer elect to use one a drop box service, they are able to scan the QR Code on the drop box to access the return receipt. Returns may take up to three days for processing, but the date provided on the return form by the customer is the official date logged for the return of the tags. Customers receive a five-day grace period between the tag return date and cancellation of insurance to ensure they are fined unnecessarily, as well as additional safeguards. Through the use of these three methods, the MDOT MVA processed over 818,000 tag returns in calendar year 2021.

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The MDOT MVA welcomes the amendments to House Bill 368 that have expanded it to provide customer service enhancements in three additional occurrences: (1) customers that move out of State and return tags by mail (2) vehicles that are totaled but deemed salvage, and (3) instances in which a licensed dealer has taken possession of the vehicle with a promise to return, but there is an unexpected delay in delivery within the existing five-day window.

The Maryland Department of Transportation respectfully requests the Committee consider this information when deliberating House Bill 368.

Respectfully Submitted,

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