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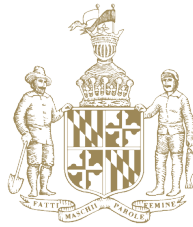
Government, Labor, and
Elections Committee

Subcommittees

Chair, Election Law

Local Government/Bi-County
Agencies and Administration

Chair, Maryland Legislative
LGBTQ+ Caucus



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THE MARYLAND HOUSE OF DELEGATES
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Honorable Marc Korman, Chair
Environment and Transportation Committee
250 Lowe House Office Building
Annapolis, Maryland 21401

March 5, 2026

HB1447- Motor Vehicle Administration - Improper Registration - Investigation and Penalties

Chair Korman, Vice Chair Guyton, and Members of the Environment and Transportation Committee:

Speaker Jones sent me to represent Maryland at a tax policy seminar in Utah last year. At the seminar, I was made aware of a provision in Montana law that allows individuals to incorporate an LLC and purchase vehicles that are then tagged and registered in Montana to the LLC. This allows the owner of the LLC and vehicles to take advantage of Montana's lenient vehicle tax and fee structure. In practice, the ultra-wealthy are using this LLC ownership loophole to completely get out of paying Maryland's fees and taxes on the (often multiple¹) luxury cars that they are driving and storing in Maryland.

This issue is impacting multiple states across the country.² At the seminar, Utah lawmakers shared what they were doing to crack down on this loophole. My bill is modeled after their approach, which has worked well for them and other states to recoup millions of dollars of lost fees to their state.³ I have attached two articles outlining the scope of the problem and summarizing successful legislation and implementation to my testimony so you can read about this problem for yourselves.

¹ In 2023, Montana was home to 2.3 million registered vehicles but only 879,000 drivers – 2.68 vehicles to drivers, “more than double the national average.”

² Utah, California, Iowa, Illinois, Massachusetts, Indiana, Missouri, and Georgia have passed or introduced legislation to address this issue.

³ California's DMV found that 10,000 vehicles worth \$2 billion had been sold by California dealers to Montana LLCs since 2022.

HB 1447 gives the Motor Vehicles Administration the tools and authority to identify these improperly registered vehicles and charge a penalty that will be deposited into the Transportation Trust Fund. These vehicles are stored, driven, and owned in Maryland and should therefore be subject to the same rules and assessments as everyone else. Those who are resourced enough to incorporate an LLC in another state to buy and register a vehicle should not have a de facto waiver on the fees that all other Marylanders must pay.

To guarantee equal enforcement of vehicle laws and ensure that those who use our roads and infrastructure are paying their fair share, I urge the committee to give HB 1447 a favorable report.

Respectfully,

A handwritten signature in blue ink that reads "Kris Fair". The signature is written in a cursive, flowing style.

Delegate Kris Fair
District 3, Frederick County