

Bloomberg Article 2025.pdf

Uploaded by: Kris Fair

Position: FAV



Dozens of high-end sports cars and luxury vehicles are garaged at Auto Concierge in Belgrade, Montana. Photographer: Louise Johns/Bloomberg Tax

DEEP DIVE

Got Montana Plates? States Ramp Up the Scrutiny on Tax Dodgers

April 29, 2025, 5:00 AM

By Michael J. Bologna and Laura Mahoney

It would be easy to miss the drab gray building along South Main Street in Kalispell, Montana. But it's home—at least on paper—to more than 100,000 cars and trucks, scores of sailing vessels, and 800 aircraft, including a Gulfstream IV jet once owned by Jeffrey Epstein.

The single-story structure is headquarters for All Day \$49 Registered Agents, one of nearly 200 Montana agents helping out-of-state owners create limited liability corporations to shelter assets from sales taxes, registration fees, and environmental rules in the other 49 states.

The pitch to out-of-staters is simple: Form an LLC in Montana; use it to purchase an asset with no sales tax; register with a Montana license plate; and

drive, float, or fly anywhere in the country without hassle. The pricier the vehicle, the higher the savings.

In 2023, Montana was home to more than 2.3 million registered vehicles but only 879,000 licensed drivers. That 2.68 vehicle-to-driver ratio is by far the highest among states and more than double the national average, according to a Bloomberg Tax analysis of Federal Highway Administration data.

That number means potentially hundreds of thousands of vehicles plated in Montana are parked and driven elsewhere, costing the outside states billions of dollars in lost taxes and fees, according to state revenue officials.

"I see these Montana plates at various car shows and I've asked the owners about it. I think the attitude is: *Catch me if you can,*" said Lamborghini Club America president Andrew Romanowski.

But now, finding little support from Montana, states are cracking down on residents hiding behind these tax shelters.

Utah Gov. Spencer Cox (R) signed a law on March 25 launching the most ambitious enforcement campaign in the country—a data-sharing arrangement to locate and assess tens of thousands of Utah tax evaders, with a particular focus on the owners of cars and boats registered in Montana. Supporters say the effort could yield up to \$100 million in back taxes, penalties and registration fees.

"This is really an abuse of our tax system," said Utah tax commissioner John Valentine. "They pay nothing to support our state, just a small fee to Montana for the opportunity to evade taxes in Utah."

California's Department of Motor Vehicles amassed data showing that 10,000 vehicles worth nearly \$2 billion had been sold by California dealers to Montana LLCs since 2022. Now, the DMV is using surveillance systems and plate readers along state roadways to search for Montana license plates and find registration and tax violators.

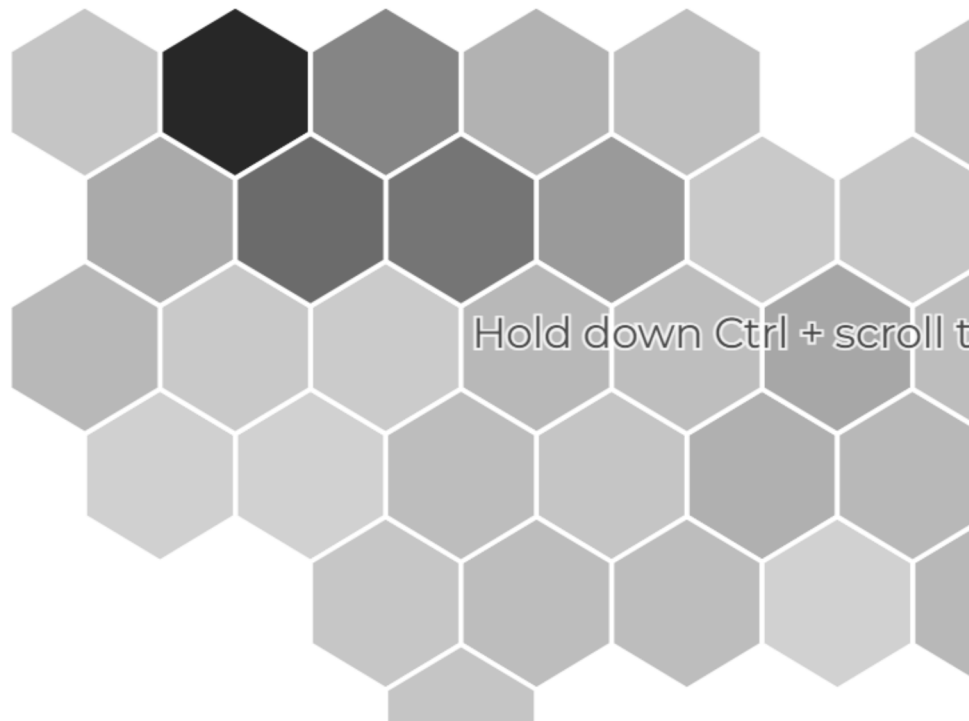
Montana Has Highest Ratio of Vehicles to Drivers



"Treasure State" boasts 2.68 vehicles per licensed driver, far outpacing other states, and the national average of 1.18

Registered vehicles per licensed driver:

0.49  2.68



In one case, the department clawed back \$307,000 in taxes and penalties from a single owner of multiple Porsches and Ferraris. Finding additional tax cheats is a “top-of-my-list” priority, said Christina Michel, chief of the department’s investigations division.

The Multistate Tax Commission, which coordinates tax uniformity and compliance initiatives across the states, plans a training session on tax losses due to Montana LLCs during its annual meeting for state revenue officials in July. The discussion will focus on the enforcement models emerging in California and Utah, commission counsel Brian Hamer said.

Some Montanans see the state’s flexible vehicle registration rules as a competitive advantage. One state lawmaker, Republican Sen. Greg Hertz, is even touting a bill, SB 327, that cuts annual fees roughly in half, boosting an incentive for out-of-state drivers to plate their vehicles in Montana.

“The nice thing about this country is we have 50 states that act competitively to attract business and that’s what our current LLC law does,” said Hertz. “It encourages people to register their vehicles in Montana, it helps them save on taxes, and it creates jobs.”

A Strategy is Born

In the late 1990s, Bretz RV & Marine, the largest dealer of motor homes and travel trailers in Montana, helped customers structure the ownership of their rigs through LLCs as an asset-protection strategy. Bretz realized there were tax implications for their out-of-state customers and contacted Bennett Law Office, a small practice in Missoula.

After inquiries from the law firm, Montana’s Attorney General and Motor Vehicle Division confirmed that business entities could legally register and own vehicles. Moreover, the attorney general determined nothing in state law prohibited Montana businesses controlled by non-residents from doing the same.

Bennett Law partner Thaddeus Brinkman later worked with the state legislature to pull the attorney general’s interpretation into Montana’s

commercial code. Over time, lawmakers approved additional language defining the domicile of a business for vehicle registration purposes and clarifying the procedures for businesses to register a vehicle.

The idea took off as legions of retiring baby boomers purchased RVs and headed for the open roads. Dozens of non-lawyers set up as registered agents and promoted LLC ownership for other expensive assets, including yachts and jets.

Montana has advantages over the four other no-sales tax states—Alaska, Delaware, New Hampshire, and Oregon.

Vehicle owners in Montana benefit from relatively cheap registration and low annual renewal fees. They also face no requirements for vehicle inspections or emissions testing, common requirements in states with high levels of air pollution.

In addition, the LLCs aren't required to publicly identify their owners, shielding them from scrutiny.

Establishing an LLC in Montana is simple. Kalispell-based 1 Dollar Montana LLC boasts it can provide license plates and registration documents to clients in two weeks. Neither the purchaser nor the vehicle need to be in Montana to close the deal. The cost depends on the services, but 1 Dollar Montana says it's willing to handle the job for as little as \$1,049.

Dirt Legal, a Florida-based agent with a broad social media footprint, says it has formed Montana LLCs for nearly 47,000 customers, with clients in every state.

"Dirt Legal made registering my new 2024 Mercedes AMG GLE coupe seamless, saving me around \$6k in taxes—an absolute no brainer!" read a February online posting from someone identified as Tyler F.

Statistical Anomalies

There is no distinct database tracking the number of vehicles owned by Montana LLCs. However, Montana's 2.68 vehicles per licensed driver suggests thousands of out-of-staters are driving with Montana plates.

Former Montana revenue director Dan Bucks said there are likely more than 600,000 vehicles registered in Montana but operated in other states.

Janice Lucero, president of MVD Express, which holds an exclusive contract with Montana to process driver licenses, vehicle registrations, and LLC formation documents, agreed.

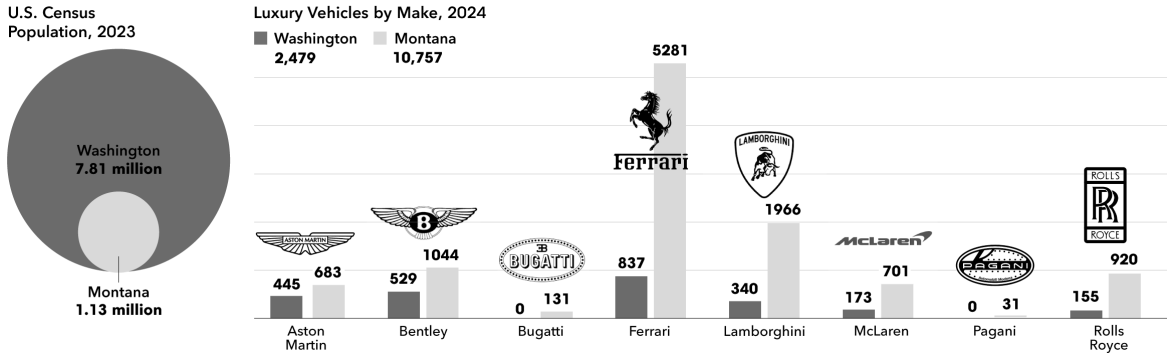
"When you look at how could they have so many cars per person, the answer is: they don't," she said.

Montana also has registered more luxury and high-performance vehicles than more populous states.

Last year, the state reported 10,757 registrations of vehicles made by Aston Martin, Bentley, Bugatti, Ferrari, Lamborghini, McLaren, Pagani, and Rolls Royce, according to Montana Motor Vehicle Division data obtained through an open records request.

The nearby state of Washington has seven times the population but registered only 2,479 of the same high-end car brands, according to online data from its licensing department.

Lovers of Luxury and Supercar Brands Register Their Rides in Montana



Source(s): Montana Motor Vehicle Division, U.S. Census Bureau, and Washington Department of Licensing

Bloomberg Tax

Graphic: Dave Evans/Bloomberg Tax

Supercars sporting Montana plates certainly get noticed in other states. A Reddit string titled “Montana Plated Cars” last year drew hundreds of comments, many of them calling out tax avoiders.

“It is kinda obnoxious seeing that. I saw a 918 in Newport with Montana plates and it’s like dude... if you can afford a 918 you can afford to pay taxes like the rest of us,” one poster wrote, ostensibly about a Porsche owner.

Wrote another: “I’ll never understand why the car enthusiast community is okay with this sh--.”

Defenders attacked the already high taxes in their state. One wrote: “If our tax money was spent more wisely, I would care.”

Tax Jails

Montana LLC promoters preach the virtues of “tax avoidance,” but regulators outside of the state assert many of their clients are engaged in “tax evasion”—deliberate misrepresentation to reduce a tax liability.

Legitimate tax avoidance requires a refined understanding of the law in the 49 states beyond Montana because many create legal strategies to escape sales taxes, said Bennett Law partner Duncan McMullin.

Under California law, for example, residents don't owe sales tax on vehicles if they are delivered and kept out of state for at least 12 months. Florida has a similar six-month rule and Arizona has a 90-day rule. Even residents of highly restrictive states such as Iowa and New York can legally put Montana plates on their vehicles and avoid taxes if they have residential ties to Montana or store the vehicle in another state.

McMullin says he arms clients with a clear understanding of the perils for violating the holdout and storage rules in their home states. Anyone ignoring his warnings "should be prepared to get out their checkbooks," he said.

The rules also have seeded a cottage industry in Montana: "tax jails" where high-end vehicles wait out the clock.

In late February, a brown aluminum-clad warehouse off a rural road near Bozeman held more than 50 supercars valued at roughly \$100 million, including Ferraris, Lamborghinis, Paganis, and vintage speedsters from Alfa Romeo, Bugatti, and Porsche. Most will eventually move to California, where the facility owner, Auto Concierge, has three other sites for clients to store their luxury vehicles.

"These are living, breathing machines—and they need to be cared for as you would care for your children," said Auto Concierge president Scott Elrod. "So we start them up, we run them through a heat cycle, we exercise them, we manage every facet of ownership."

Elrod operates a separate 85-vehicle storage facility in Missoula, and said he plans to open a second 200-vehicle site in Bozeman by the end of the year.



A Ferrari and Porsche in storage at Auto Concierge near Bozeman, Montana.

Photographer: Louise Johns/Bloomberg Tax

Auto Concierge offers a bridge to legal out-of-state ownership of Montana-plated vehicles, but it's ultimately a niche player catering to a small group of deep-pocketed car aficionados. A larger group of Montana LLC owners are interested in plating Buicks, not Bugattis, with help from high-volume registered agents found online.

Brinkman and McMullin worry about the impact from the LLC factories. Most, they say, aren't run by attorneys and offer clients misleading advice. They predict the agents will ultimately attract unneeded scrutiny from law enforcement outside of Montana.

"Those organizations are going to be the downfall of everything because they are marketing this to everyone, and this is not for everyone," Brinkman said.

Non-lawyer registered agents aren't particularly worried, said Michael Willing, president of Deer Creek Corporate Services Inc. and the high-volume agent LLCTLC in Helena.

"A Montana LLC is a Montana LLC and Utah has no jurisdiction over it, nor does California," said Willing, whose business has registered more than 50,000 vehicles for out-of-state owners. "It's imperative to remember that the federal government and states view LLCs as independent entities. So, they have all the rights and obligations that we as individuals do."

All Day \$49's Jason Coen said Montana's low fees for business formation and vehicle licensing "has made it a popular destination to form LLCs with vehicles registered to them." While the tax implications for out-of-state clients vary, "we ensure the services for which we are hired are in full compliance with the state of Montana."

No Place Like Home

Every state has laws requiring residents to properly register, plate, and insure vehicles in their home jurisdictions. Most also have strict requirements for the payment of taxes and fees, inspections, and emissions testing.

Non-Montanans driving cars with Montana plates generally can't hide beneath an LLC invisibility cloak, and many states have won court rulings stating as much, according to Paul Steier, director of vehicle programs at the American Association of Motor Vehicle Administrators.

In Iowa, where Steier once oversaw vehicle investigations, auditors raised alarms after noticing RVs with Montana plates at the state fair and University of Iowa football games, he said. In response, the state enacted a 2013 law specifying that vehicles owned by a "shell business" but controlled by an Iowa resident will be subject to state registration and taxes.

Illinois actively audits vehicle transactions and imposes assessments on residents who claim the true owner is a Montana LLC. The assessments generally haven't been contested since the department won a string of tax court rulings against residents purchasing RVs through Montana LLCs, according to revenue spokeswoman Maura Kownacki.

One 2010 ruling targeted an unidentified Illinois taxpayer who created a Montana LLC called Doe Farms and used it to purchase a \$123,000 RV from a dealer in Casper, Wyoming. Another, from 2013, called out an Illinois resident's Montana entity as "a sham."

The Massachusetts Department of Revenue frequently relies on a 2017 Appellate Tax Board ruling that chided a Massachusetts couple over their Montana-plated RV bought by a "mere shell organization with no economic substance."

But investigations by state vehicle administrators and revenue agents are tedious, and Montana officials aren't always cooperative, Steier said.

"We have talked to Montana and—what can I say, they like the revenue. And if they are collecting the revenue and these people aren't using their roads, it's a pretty good deal for the state," said Steier. "They see this as the other state's problem."

Emilee Cantrell, a spokesperson for Attorney General Austin Knudsen, said Montana "does what it can to share helpful information with other states"

within the requirements of current state law. She didn't elaborate.



High-end luxury cars stored at Auto Concierge near Bozeman, Montana. Photographer: Louise Johns/Bloomberg Tax

Tired of Hide-and-Seek

Utah lawmakers had enough after learning their state is home to 16,000 vehicles and 4,800 boats that were registered in another state, causing a tax loss of more than \$120 million.

Cox signed SB 52 last month, and the state launched plans for a comprehensive enforcement initiative that will cross-check data from the Tax Commission and the state's Uninsured Motorist Identification Database to create a list of names and home addresses of potential tax scofflaws.

After a public awareness campaign this year, violators will have 60 days to remit unpaid sales taxes and registration fees for vehicles and vessels plated



Utah Gov. Spencer Cox. Photographer: Michael Reaves/Getty Images

outside of Utah. Failure to voluntarily comply could mean enhanced enforcement and penalties.

“I don’t run in circles with people who have Lambos, but I do see these vehicles on the street and I’m always shocked that someone would be joyriding a high-end sports car from Montana down to Utah,” said bill sponsor Sen. Brady Brammer (R). “That just doesn’t seem very reasonable.”

Utah’s strategy, Steier said, is innovative because it focuses on a wide swath of offenders at the same time, rather than the one-by-one assessments common in most states. If successful, it could become a model for other states.

Since California started focusing on out-of-state registrations, DMV investigators say they have collected \$1.6 million in taxes, registration fees, and penalties on 62 vehicles.

Late last year, the California Department of Tax and Fee Administration issued a public warning to dealers in the state, reminding them about penalties if they fail to properly document their transactions or violate the state’s 12-month rule and out-of-state delivery requirements. The department also instructed dealers to make sure buyers understand those legal risks, and that they could be liable for a 50% penalty on unpaid sales taxes.

In the past two years, the DMV has issued 23 search warrants and developed dozens of cases, according to investigators. They say they now have 74 open cases, including 10 felony and 11 misdemeanor tax evasion cases. They declined to release details but say some cases involve dealers, their employees or transporters who allegedly falsified documents to say the vehicles were delivered to buyers outside California.

The Multistate Tax Commission's Hamer said the states need to be proactive in their efforts to identify taxpayers using Montana LLCs and extract taxes and fees legally owed in their home jurisdictions.

"For a department of revenue not to act and essentially give a free ride to some wealthy people sends a message that they can get away with conduct that is very troubling," said Hamer, a former director of the Illinois Department of Revenue. "You don't want to create that kind of culture in your state."

Chris Cioffi in Washington also contributed to this story.

To contact the reporters on this story: Michael J. Bologna in Chicago at mbologna@bloombergindustry.com; Laura Mahoney in Sacramento, Calif. at lmahoney@bloombergindustry.com

To contact the editors responsible for this story: John P. Martin at jmartin1@bloombergindustry.com; Benjamin Freed at bfreed@bloombergindustry.com

Bloomberg Article 2026.pdf

Uploaded by: Kris Fair

Position: FAV

More States Cracking Down on Tax Losses From Montana LLCs

By Michael J. Bologna 2026-01-30T04:45:01000-05:00

At least four states are developing tougher enforcement strategies against the “Montana loophole,” which encourages drivers to register expensive assets in other states to skirt their in-state sales tax and vehicle registration obligations.

Lawmakers in Indiana and Missouri are advancing legislation cracking down on residents abusing a tax sheltering strategy by which motorists set up Montana limited liability companies to purchase cars, boats, recreational vehicles, and aircraft. Montana has no statewide sales tax and very low vehicle registration and renewal fees, causing thousands of non-Montana residents to plate their vehicles in the Big Sky state each year.

“It is very hard to enforce this and that’s why we have this bill,” Missouri revenue director Patricia Vincent said. “We intend to do a lot of media on the issue, and we will give drivers 90 days to get right with the state. If not, we will actively go after them and assess penalties.”

Meanwhile, Georgia and Utah are implementing enforcement strategies created under legislation passed last year.

The Utah Tax Commission is currently sending [written notices](#) to every resident with a car, boat, or RV registered in another state. Taxpayers are given the option of voluntarily remitting their unpaid sales taxes and a \$150 fine within 60 days, or paying a much heavier penalty if the notice is ignored and the state has to deploy its auditors.

“We are just starting to get responses to those letters and we are getting a fair amount of voluntary compliance,” Commission Chairman John Valentine said in an interview this week. “I think folks really liked the idea of paying the \$150 and the sales tax, rather than twice the sales tax.”

A cottage industry of more than 200 registered agents has emerged in Montana over the last two decades, helping out-of-state drivers take advantage of the state’s lenient tax and registration rules.

Agents offer to file clients' LLC applications and manage all title, registration, and plating duties for as little as \$1,000. Out-of-state motorists using the scheme never have to set foot in Montana.

Billions in Lost Revenue

An [analysis by Bloomberg Tax](#) last year revealed there are likely more than 600,000 vehicles registered in Montana but operated in other states, resulting in billions of dollars in lost sales taxes and annual vehicle registration fees. The strategy is particularly attractive to drivers of high-end brands including Aston Martin, Ferrari, and Lamborghini, but aggressive online advertising in recent years has popularized the scheme with drivers of mid-range labels like Ford, General Motors and Toyota.

“This was happening 20 years ago, but it wasn't the problem it is today,” Vincent said. “With the internet and social media, you now have all these guys telling people, ‘Come to Montana and we'll save you money on taxes.’ That's just helped explode this across the United States.”

Indiana plans to attack the problem by enhancing the Department of Revenue's enforcement authority under [SB 243](#), an omnibus tax bill. The bill provides unspecified “investigative powers” to enforce sales and use tax laws in cases where a resident has evaded taxes by purchasing a motor vehicle through an out-of-state business entity.

An agency spokesperson said the department requested the language to address Montana registrations, but declined to discuss the legislation further. A [fiscal analysis](#) said the new authorities would “improve tax compliance, resulting in a potentially significant increase in sales tax revenue.”

Georgia on Jan. 1 doubled the title ad valorem tax penalty imposed on residents who fail to timely register motor vehicles owned through out-of-state LLCs. The previous 10% penalty assessed on any unpaid taxes was increased to 20% under [HB 551](#), which was enacted in May 2025.

Utah lawmakers [responded last year](#) with a tandem data-sharing and tax enforcement strategy under [SB 52](#). The law permits Utah's Uninsured Motorist Identification Database to share information with the Tax Commission to create a list of names and home addresses of thousands of possible tax scofflaws, who insure their vehicles and vessels in Utah but register them in another state. Utah is now contacting every name on the list, Valentine said.

The state also published [guidance](#) warning taxpayers that registering a vehicle in another state to avoid Utah taxes or registration requirements “is considered an attempt to evade tax obligations, which is prohibited under Utah law.”

The state sent its first tranche of letters to delinquent taxpayers in November. Those who don’t voluntarily settle up with the state by remitting unpaid sales taxes plus the \$150 penalty within 60 days risk penalties and interest of more than double that amount. Several additional waves of letters will be distributed before the commission launches its back-end enforcement later in the year, Valentine said.

The Utah Model

Missouri intends to target in-state owners of cars, RVs, and boats registered to out-of-state shell companies under [HB 2951](#). The bill follows the Utah model by authorizing the revenue department to use the state’s motorist insurance database to identify vehicles not properly titled and registered in Missouri.

While the legislative language is still being ironed out, Vincent said the department envisions a 90-day amnesty period prior to Dec. 1, during which delinquent taxpayers can register their vehicles, and pay all outstanding taxes and fees. After Dec. 1 the department will pursue an audit and enforcement strategy with much stricter penalties, she said.

Valentine and Vincent pointed to data sharing as the game-changing strategy for clamping down on out-of-state registrations. Without full lists of possible violators, revenue agents are merely responding to anecdotal tips about improperly registered vehicles driving through the state.

“We tried penalties alone and it didn’t really work,” Valentine said. “It was always ‘catch me if you can.’ We’ll see if this new strategy makes an impact. The great thing about the states is they can be laboratories of invention, and you see what model works.”

To contact the reporter on this story: Michael J. Bologna in Chicago at mbologna@bloombergindustry.com

To contact the editor responsible for this story: Amelia Gruber Cohn at

More States Cracking Down on Tax Losses From Montana LLCs

agrubercohn@bloombergindustry.com

Related Articles

[Got Montana Plates? States Ramp Up the Scrutiny on Tax Dodgers](#)

[Illinois Clamps Down on Dodging Vehicle Taxes Via Montana LLCs](#)

[Utah Bill Cracks Down on Drivers Using Sales Tax Loophole](#)

Del Fair HB 1447 Sponsor Testimony.pdf

Uploaded by: Kris Fair

Position: FAV

KRIS FAIR
Legislative District 3
Frederick County

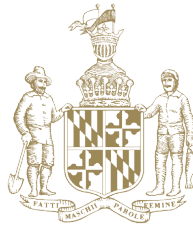
Government, Labor, and
Elections Committee

Subcommittees

Chair, Election Law

Local Government/Bi-County
Agencies and Administration

Chair, Maryland Legislative
LGBTQ+ Caucus



The Maryland House of Delegates
6 Bladen Street, Room 306
Annapolis, Maryland 21401
410-841-3472
800-492-7122 Ext. 3472
Kris.Fair@house.maryland.gov

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

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

HB1447-ENT-FAV.pdf

Uploaded by: Nina Themelis

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

HB 1447

March 5, 2026

TO: Members of the Environment and Transportation Committee

FROM: Nina Themelis, Director, Mayor's Office of Government Relations

RE: House Bill 1447 – Motor Vehicle Administration – Improper Registration – Investigation and Penalties

POSITION: FAVORABLE

Chair Korman, Vice Chair Guyton, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 1447.

HB requires the Motor Vehicle Administration to establish a system to collect information to determine whether a vehicle required to maintain insurance is connected to a Maryland address while being registered in another state. When the information indicates that a Maryland resident has registered a vehicle elsewhere, the Administration may conduct an investigation to ensure compliance with Maryland's vehicle registration requirements.

If the Administration determines that a Maryland resident has failed to properly register a vehicle in the State, the bill authorizes issuance of notice and the assessment of a \$150 penalty, followed by an additional \$500 penalty if the vehicle is not properly registered within 60 days. Penalties collected under the bill are deposited into the Transportation Trust Fund. The legislation also authorizes the Administration to contract with private independent agents to assist in carrying out these enforcement provisions.

Improper vehicle registration undermines equitable tax and fee compliance, limits accountability in traffic enforcement, and reduces resources available for transportation infrastructure. Ensuring that Maryland residents properly register vehicles within the State strengthens fairness and supports the long-term stability of the Transportation Trust Fund, which finances roadway maintenance, transit, and capital improvements across Maryland.

For Baltimore City, where roadway safety and enforcement coordination are critical, improved registration compliance supports traffic accountability efforts and ensures that all residents contribute appropriately to the transportation system they utilize.

For the above stated reasons, the BCA respectfully request a **favorable** report on HB 1447.

HB1447 - MVA - LOI - Motor Vehicle Administration

Uploaded by: Tyler Michels

Position: INFO

March 5, 2026

The Honorable Marc Korman
Chair, Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

RE: Letter of Information – House Bill 1447 – Motor Vehicle Administration – Improper Registration – Investigation and Penalties

Dear Chair Korman and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on House Bill 1447 and offers the following information for the Committee’s consideration.

HB 1447 requires the Motor Vehicle Administration (MVA) to create a system for collecting insurance policy information from insurers to assist the MVA in determining whether a vehicle is improperly registered. It further requires the MVA to impose an escalating fine on violators and enables hiring private parties to carry out the notice to vehicle owners they are in violation of registration requirements.

Improper vehicle registration is not a victimless practice and represents a significant problem for the State of Maryland and its residents. In the current Consolidated Transportation Program, motor vehicle registration and miscellaneous vehicle fees account for 17% of the Transportation Trust Fund’s (TTF) revenue, which funds critical infrastructure projects throughout the State. In addition, improperly registered vehicles create the risk that these vehicles may not carry minimum insurance coverage, participate in the vehicle emissions inspection program, nor comply with automated traffic citations. Addressing this issue is an important topic for ensuring the health of the TTF, compliance with clean air standards, and the safety and quality of life in Maryland.

Currently, MVA Investigations visits the reported location of a vehicle suspected to be out of compliance and attempts to speak with the owner. Where the owner is confirmed to be a Maryland resident, a 60-day notice to register the vehicle in Maryland is provided. If an owner does not comply within the required timeframe, further action (such as seizure of the out-of-state registration tags) is taken in partnership with local law enforcement.

While HB 1447 does require the MVA to conduct an investigation into identified vehicles presumed in violation of registration requirements, it does not provide clear authority for the MVA to compel insurance companies to share necessary information. Some of these insurers are also likely outside of the MVA’s jurisdiction given the registration of origin for the vehicles being covered. The bill does not provide clear authority for the MVA to submit accrued civil penalties a vehicle owner refuses to pay within a timely manner to the State’s Central Collections

The Honorable Marc Korman
Page Two

Unit, potentially reducing the effectiveness of imposing the fine should a vehicle owner refuse to comply with the Administration.

Additionally, the 60-day timeline mirrors existing statutory requirements before fines begin to accrue but may prove difficult for some customers to achieve compliance. Over the past two years, the MVA has received information from the Virginia Department of Motor Vehicles (DMV) on motor vehicles registered in Virginia to an owner with a Maryland address. The MVA has determined that many of these vehicles and/or customers have indicators (e.g., administrative flags, insurance lapse cases, etc.) on their accounts. Many of these indicators must be resolved prior to registering the vehicles in Maryland. For example, analysis determined that 28,003 of the suspected improperly registered vehicles were previously registered in Maryland and later registered in Virginia. Over 50% of these vehicles had indicators on their Maryland record that would delay or prevent re-registration, and 99.98% of these vehicles were noncompliant with Virginia safety inspection requirements according to the Virginia State Police.

From a safety perspective, over 2,000 of the identified vehicles were tied to over 2,500 crashes in Maryland that occurred between January 1, 2024, and November 18, 2025. Over 1,900 of these crashes resulted in property damage, over 500 resulted in injuries, and five resulted in fatalities.

Given the concern with safety inspection issues along with the outstanding unresolved administrative flags preventing renewal, these owners are unlikely to resolve the outstanding issues within 60 days, triggering further financial penalties that could result in delays in meeting registration requirements.

Based on the information received from the VA DMV, the MVA recently sent letters to 58,000 individuals associated with 73,000 vehicles to notify them that they are potentially out of compliance with Maryland law. The MVA will continue outreach to Maryland residents about State law with direct correspondence, public education campaigns, and working with the General Assembly to reduce the number of improperly registered vehicles in out-of-state jurisdictions.

The MVA is committed to working with the sponsor and committee to develop policy solutions that directly address this important matter. The Maryland Department of Transportation respectfully requests the committee consider this information during its deliberation of House Bill 1447.

Respectfully submitted,

Christine E. Nizer
Administrator
Maryland Motor Vehicle Administration
410-787-7830

Matthew Mickler
Director of Government Affairs
Maryland Department of Transportation
410-865-1090