

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 157 (Chair, Environment and Transportation Committee)(By
Request - Departmental - Transportation)

Environment and Transportation

Judicial Proceedings

Vehicle Laws - Business or Occupational Licenses - Administrative Penalties

This departmental bill authorizes the Motor Vehicle Administration (MVA) to *immediately* suspend a specified business or occupational license before holding an administrative hearing if MVA determines that the person is violating the used vehicle safety inspection requirements and that there is a danger of immediate, substantial, and continuing harm to the public if the license is continued pending a hearing. Within seven days of a request for a hearing on the license suspension, MVA must grant the hearing in accordance with Title 12, Subtitle 2 of the Transportation Article. After the hearing, MVA must render an immediate decision to (1) continue the license suspension; (2) revoke the license; or (3) reinstate the license. To the extent of a conflict between the bill and Title 12, Subtitle 2 of the Transportation Article, the bill's provisions take precedence.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations.

Local Effect: None.

Small Business Effect: The Maryland Department of Transportation has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law/Background: Title 15 of the Transportation Article contains licensing provisions for various entities that are regulated by MVA, including:

- manufacturers, distributors, and factory branches;
- vehicle dealers;
- vehicles salespersons;
- automotive dismantlers and recyclers and scrap processors;
- title service agents;
- driver's schools; and
- driving instructors.

If MVA refuses an application for a license (or for the renewal of a license) under Title 15 of the Transportation Article, the applicant may request a hearing on that action. However, MVA may only suspend or revoke a license *after* holding a hearing. Among other things, Title 12, Subtitle 2 of the Transportation Article delineates the hearings process for cases in which MVA refuses, suspends, or revokes a license or privilege.

Except in specified circumstances, a used vehicle that is transferred must undergo a safety inspection. In some cases, the transferor is responsible for ensuring the vehicle is inspected; in others, the transferee must obtain the safety inspection. In some cases, *either* the transferor or transferee may obtain the required inspection.

MVA advises that the bill is intended to allow an emergency suspension against dealers and tag and title service licensees who falsify a safety inspection in order to register a vehicle. MVA further notes that, since July 2014, its Division of Investigations and Security Services has documented at least 2,000 used vehicles that were registered without being properly inspected. These uninspected vehicles were processed through at least 30 licensed tag and title and used car dealers with electronic registration and titling. The 2,000 vehicles did not have the soundness of their braking system, tires, or steering components checked and were registered and permitted to operate on the highway. When MVA became aware of these serious violations, it had no immediate recourse to prevent additional (and potentially unsafe) vehicles from being unlawfully registered.

According to MVA, the authorization to immediately suspend a dealer or a tag and title service's license for safety inspection violations on an emergency basis – while also guaranteeing that business the right to an expeditious hearing on the charges – will balance the need of the licensee and the responsibility of MVA to prevent undue harm to public safety.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Office of Administrative Hearings; Department of Legislative Services

Fiscal Note History: First Reader - February 4, 2020
md/ljm Third Reader - March 14, 2020

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Vehicle Laws - Business or Occupational Licenses - Administrative Penalties

BILL NUMBER: HB 157

PREPARED BY: Maryland Department of Transportation / Motor Vehicle Administration
(Dept./Agency)

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

There may be an impact on small businesses because their licenses could be suspended.