

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 25

(Senators Forehand and Klausmeier)

Judicial Proceedings

Environmental Matters

Vehicle Laws - Title and Registration - Transfer to Surviving Spouse

This bill authorizes the surviving spouse of a vehicle that had been jointly owned to drive the vehicle without applying for a new title or registration until the current registration expires. The bill also prohibits the Motor Vehicle Administration (MVA) from charging a fee for the issuance of a certificate of title to the surviving spouse.

This bill takes effect July 1, 2013.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease, potentially significantly, due to the collection of fewer certificate of title fees. Expenditures are not affected as MVA can likely handle any anticipated computer reprogramming work with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: The owner of a vehicle in Maryland must have a certificate of title, unless the vehicle or owner is specifically exempt. The Budget Reconciliation and Financing Act of 2011 (Chapter 397 of 2011, HB 72) increased the fee for issuance of a certificate of title from \$50 to \$100.

MVA regulations require a joint owner applying for title by right of survivorship to provide MVA with a death certificate, a completed application for certificate of title, and the title bearing the names of the decedent and the applicant or applicants. The transfer of a title is exempt from the vehicle titling tax, *but not the title fee*, if it is transferred to a

spouse, son, daughter, grandchild, parent, sister, brother, grandparent, father-in-law, mother-in-law, son-in-law, or daughter-in-law and no money or other valuable consideration is involved in the transfer. Also exempt from the vehicle titling tax is a transfer to a legal heir, legatee, or distributee.

According to MVA, a surviving joint owner is not required to apply for a new title on death of a joint owner until the current registration expires.

State Revenues: The Department of Legislative Services (DLS) advises that a reliable estimate of the decrease in TTF revenues under the bill cannot be made due to significant uncertainty and considerable variability as to the number of times each year that a spouse who is a surviving owner of a vehicle that had been jointly owned will obtain a new title.

However, *for illustrative purposes only*, TTF revenues may decrease by about \$131,000 on an annual basis. This is based on (1) data from MVA and the Maryland Vital Statistics Administration that 5,239 currently titled vehicles have a deceased co-owner, and (2) the assumption by DLS that about one-half (or about 2,620) of the co-owners are surviving spouses. Because vehicles are registered biennially, about 1,310 surviving spouses may retitle the vehicle in their name following the death of a joint owner on an annual basis. Thus, under the bill's exemption, these 1,310 individuals no longer have to pay the \$100 title fee, resulting in a loss to TTF of about \$131,000. The actual frequency of such title transactions could differ significantly from this assumption, however, which would cause the revenue loss to differ significantly from this estimate.

Additional Information

Prior Introductions: Senate Bill 560 of 2012 passed the Senate and received a hearing in the House Environmental Matters Committee, but no further action was taken.

Cross File: HB 725 (Delegate McMillan, *et al.*) – Environmental Matters.

Information Source(s): Maryland Department of Transportation, Maryland Vital Statistics Administration, Department of Legislative Services

Fiscal Note History: First Reader - January 18, 2013
ncs/ljm Revised - Enrolled Bill - April 6, 2013

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