

Department of Legislative Services
Maryland General Assembly
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FISCAL AND POLICY NOTE

Senate Bill 522 (Senator Mathias)
Judicial Proceedings

Vehicle Laws - Registration - Outstanding Arrest Warrants

This bill requires each State and local law enforcement agency to satisfy existing regulatory criteria established by the Motor Vehicle Administration (MVA), in consultation with the primary law enforcement officers of the State, which require MVA to refuse to register or transfer the registration of an individual subject to an outstanding arrest warrant.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues increase beginning in FY 2016 from the collection of additional fees associated with the suspension of a vehicle registration. TTF expenditures increase minimally for MVA postage and other notification costs and for additional hearings before the Office of Administrative Hearings (OAH). General fund revenues and expenditures increase minimally for OAH to handle the increase in administrative appeals. General fund expenditures may increase to the extent that the bill results in additional arrests, trials, or incarcerations as an indirect result of the bill.

Local Effect: Local government expenditures may increase for some jurisdictions to meet the criteria required by the bill. Local law enforcement workloads may increase as an indirect result of the bill. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: MVA must refuse to register or transfer the registration of an applicant upon notification by a law enforcement agency that the applicant has been named in an outstanding arrest warrant. MVA must notify the applicant before refusing to register or

transfer his or her registration, and the individual may appeal the decision of MVA. However, MVA must continue the refusal unless ordered otherwise by a court or unless the law enforcement agency notifies MVA that the warrant has been satisfied. MVA must, in consultation with the primary law enforcement officers of the State, adopt regulations to implement these requirements. MVA has adopted the required regulations that generally govern the notification of MVA by law enforcement agencies regarding outstanding arrest warrants, but the regulations generally mirror statutory requirements, rather than establishing extensive additional criteria.

State Fiscal Effect:

MVA Registration Suspension due to Warrant Notifications

TTF revenues increase, potentially significantly, from the collection by MVA of additional \$30 administrative flag removal fees. MVA places a flag on the vehicle registration of an individual whose registration has been suspended. Upon satisfaction of the underlying issue and the passage of any required period of time, MVA removes the administrative flag and charges a \$30 fee.

A reliable estimate of the increase in TTF revenues cannot be made at this time due to considerable uncertainty regarding the extent of the increase in outstanding arrest warrant notifications made to MVA under the bill. Currently, 48 State and local agencies, representing a significant majority of the arrest warrants issued in the State, have already reached an agreement with MVA. According to MVA data on current law enforcement agency participation and Comptroller data from 2013 on arrest warrant issuance by State and local law enforcement agencies, about 85.5% of arrest warrants were generated by an agency that has already signed an agreement with MVA.

For illustrative purposes only, TTF revenues from the collection of additional administrative flag fees may increase by roughly \$250,000 in fiscal 2015, which accounts for the bill's October 1, 2015 effective date, and by roughly \$325,000 on an annualized basis under the following information and assumptions:

- about 185,000 outstanding warrant notices were sent to MVA in 2014;
- the number of notices sent to MVA increases by about 9% annually;
- the number of notices sent to MVA is assumed to increase by 14.5 percentage points under the bill;
- the percentage of warrants satisfied is and remains about 49%; and
- the percentage of satisfied warrants resulting in the collection of a \$30 fee is assumed to be 75%.

The actual increase in TTF revenues may differ considerably from this estimate to the extent that any of these assumptions varies significantly from actual experience. In particular, it is unclear whether the annual increase in the number of notices sent to MVA continues at the same rate in the future or whether the number of notices sent increases by an additional 14.5 percentage points under the bill, as the bill only requires law enforcement agencies to meet specified regulatory criteria but not to actually *notify* MVA of warrant notices. Thus, certain agencies may opt not to notify MVA, particularly to the extent that this task requires additional personnel.

MVA workloads increase for personnel to process the increase in notifications by law enforcement agencies, handle the additional notices and correspondence with the individuals subject to the arrest warrants prior to and following the vehicle registration suspensions, and process the additional vehicle registration suspensions and imposition and removal of administrative flags. TTF expenditures also increase minimally for MVA to provide the notice, including additional postage charges.

Additional Hearing Costs

TTF expenditures may increase further, although minimally, to the extent that the bill results in additional hearings prior to the suspension of a vehicle registration. A reliable estimate of the additional cost cannot be made due to considerable uncertainty regarding the number of additional arrest warrant notifications made in fiscal 2016 and future years and the percentage of notifications that result in a request for a hearing. MVA budgets \$100 for each hearing before OAH. However, both MVA and OAH report that the number of additional hearings is expected to be minimal.

Similarly, general fund revenues and expenditures may also increase minimally for OAH to the extent that the bill results in an increase in the number of hearings after the notice required by the bill is provided. The filing fee to be paid to OAH by the individual requesting the hearing is \$150. Therefore, general fund revenues may increase beginning in fiscal 2016 to the extent that the number of hearing requests increases. OAH caseloads also increase minimally to handle any increase in the number of hearings requested.

Overall, MVA advises that the bill is not likely to result in a material impact on TTF expenditures, and OAH advises that the additional number of cases, and associated expenditures, is likely to be minimal.

Other State Agencies

It is assumed that any additional State agency that does not already report outstanding arrest warrants to MVA can implement the bill with existing resources.

Local Expenditures: Local government expenditures may increase for some jurisdictions to meet the regulatory criteria necessary to establish an arrest warrant notification agreement with MVA and to implement the arrest warrant notification requirement. No jurisdiction that has not already established an arrest warrant notification agreement with MVA responded to the request for information for this fiscal and policy note. However, Baltimore City, which has already established an agreement with MVA, advised that it added six positions when the city originally began reporting outstanding arrest warrants to MVA. Thus, expenditures for some of the larger jurisdictions that do not currently report warrants to MVA, such as St. Mary's, Wicomico, and Worcester counties, may increase to the extent that additional positions are needed to meet the criteria of the bill. It should be noted, however, that the number of arrest warrants issued in Baltimore City is many times greater than the number in these other smaller counties.

Additional Comments: The bill only applies to vehicle registration suspensions following notification of an outstanding arrest warrant, but not to driver's license suspensions. However, the practical effect of the bill may be to also increase the number of driver's licenses suspended by MVA. This may also result in a minimal further increase in MVA workloads, although the suspension procedures for driver's licenses and vehicle registrations are similar, resulting in minimal additional effort to accomplish any concomitant license suspension.

It should also be noted that the bill only requires law enforcement agencies to meet MVA regulatory criteria. Current law then requires MVA to reach an agreement with law enforcement agencies regarding the reporting of outstanding arrest warrants. However, the law does not specifically require a law enforcement agency to report any or all warrants to MVA.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Howard and Montgomery counties, Baltimore City, Department of Natural Resources, Department of General Services, Department of State Police, Maryland Department of Transportation, Comptroller's Office, Office of Administrative Hearings, Department of Legislative Services

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