

**Department of Legislative Services**

Maryland General Assembly

2015 Session

**FISCAL AND POLICY NOTE**

House Bill 1229

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

Environment and Transportation

Judicial Proceedings

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**Commercial Motor Vehicles - Denial, Cancellation, Suspension, or Revocation of  
Registration**

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This departmental bill authorizes the Motor Vehicle Administration (MVA) to deny, cancel, suspend, or revoke the registration of a commercial motor vehicle if (1) the carrier responsible for the safety of the vehicle is subject to an out-of-service (OOS) order or other federal operating authority sanction or (2) the U.S. Department of Transportation determines that the carrier has attempted or is attempting to operate under a new identity in order to avoid compliance with specified sanctions or being linked with a negative compliance history. A sanction under the bill must continue until the OOS order or federal sanction has been lifted and the carrier is allowed to resume operations.

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**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) revenues increase minimally as a result of the collection by MVA of additional commercial vehicle registration fees paid to restore the vehicle's registration after a sanction. The bill may indirectly result in an increase of \$1 million in federal fund revenues for MVA to the extent that the bill's passage allows the State to be eligible for an additional grant, as discussed below. MVA can implement the bill with existing resources.

**Local Effect:** The bill is not anticipated to materially affect local operations or finances.

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

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## Analysis

**Current Law/Background:** According to MDOT, Maryland is one of only six states that do not fully participate in the Federal Motor Carrier Safety Administration (FMCSA) Performance and Registration Information Systems Management (PRISM) program, which was established as a pilot program in 1991 and established as a requirement for states by the U.S. Congress in 2005. The purpose of PRISM is to use a commercial motor vehicle's registration to compel compliance with highway and commercial carrier safety laws and otherwise assist in the enforcement of such laws.

The PRISM program allows the federal and state governments to communicate regarding commercial vehicle safety inspection deficiencies and coordinate enforcement actions. For example, the most serious safety inspection violations (constituting about 20% of violations nationwide) result in an OOS order. An OOS order issued by the federal government is communicated to the relevant state through the PRISM program, allowing the state to then take action against the vehicle's registration until the safety deficiency is addressed.

MDOT advises that it recently applied to FMCSA for a \$1 million grant to implement the changes needed to become fully compliant with the PRISM program, but that the grant cannot be made until Maryland has enacted legislation authorizing MVA to deny, cancel, suspend, or revoke a commercial vehicle's registration. The \$1 million grant would allow Maryland to make the hardware, software, programming, training, and other changes associated with full participation in the PRISM program.

According to MDOT, one common way for commercial vehicle companies to avoid federal or state sanctions is to apply for a new U.S. Department of Transportation number under a different name. These companies are known as "chameleon carriers" and are increasingly common according to a 2012 federal Government Accountability Office report, which found an increase in the number of suspected chameleon carriers, from 759 in 2005 to 1,136 in 2010, although the true number of such carriers is unknown and very difficult to track by FMCSA.

Currently, MVA only takes action against the registration of a commercial motor vehicle subject to an OOS at the time of the registration's issuance or renewal but not in the intervening time periods. Additionally, the Maryland Vehicle Law currently regulates commercial motor vehicle driver's licenses under the Maryland Commercial Driver's License Act. Under the Act, MVA may disqualify a person from driving a commercial motor vehicle for different periods of time depending on the specific offense. A driver convicted of violating an OOS order while driving a commercial motor vehicle is disqualified for the period of time specified by federal regulations (currently between 180 days and five years, depending on the offense).

**State Fiscal Effect:** MVA advises that the bill may result in an estimated increase of about 600 commercial vehicle registrations being suspended or revoked on an annual basis. Under the assumption that one-third of the suspended or revoked registrations result in an application for a substitute tag and the payment of a \$20 fee, TTF revenues may increase by about \$4,000 annually. TTF revenues may increase by a greater amount to the extent that the actual number of registration suspensions or revocations or proportion of suspensions or revocations resulting in a substitute tag application is greater than the estimate provided by MVA. Nevertheless, the overall TTF impact is expected to be minimal.

As noted above, the bill may indirectly result in an increase in federal fund revenues, and corresponding TTF expenditures, of \$1 million to the extent that the bill results in the State's eligibility for federal grant funding from the U.S. Department of Transportation. However, it is unclear whether and when such a grant may be provided, which is dependent on federal decisions and, potentially, other actions taken by MDOT.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of State Police, Maryland Department of Transportation, U.S. Department of Transportation, U.S. Government Accountability Office, Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2015  
md/ljm

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**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

TITLE OF BILL: Commercial Motor Vehicles – Federal PRISM Program Compliance

BILL NUMBER: HB 1229

PREPARED BY: Maryland Department of Transportation/Motor Vehicle  
Administration

**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**

This proposal would only impact businesses already sanctioned by the Federal Motor Carrier Safety Administration. Motor carriers abiding by the law would not be impacted.