

Department of Legislative Services  
 Maryland General Assembly  
 2017 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

House Bill 492

(Delegate Carr, *et al.*)

Environment and Transportation

Judicial Proceedings

Vehicle Laws - Certificate of Title - Transfer-on-Death Beneficiary Designation

This bill authorizes the sole owner of a motor vehicle to designate a beneficiary to assume ownership of the motor vehicle on the death of the owner outside of estate administration.

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) expenditures increase by \$76,200 in FY 2018 only for the Motor Vehicle Administration (MVA) to contract with an outside vendor for reprogramming changes required to implement the bill. TTF revenues increase, likely minimally, to the extent that replacement titles are requested under the bill, resulting in duplicate title fees paid to MVA.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	-	-	-	-	-
SF Expenditure	\$76,200	\$0	\$0	\$0	\$0
Net Effect	(\$76,200)	-	-	-	-

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Local highway user revenues increase, likely minimally, due to additional transactions related to titles that occur under the bill. Expenditures are not affected.

**Small Business Effect:** None.

Analysis

**Bill Summary:** The owner of a motor vehicle may designate a beneficiary by applying to MVA for an updated certificate of title to include a specified designation signifying that

ownership of the motor vehicle is to transfer on the death of the owner. MVA is required to allow the designation of a beneficiary on an application for a certificate of title.

The owner of a motor vehicle who wishes to alter or remove a designated beneficiary may do so by applying to MVA without notice to or approval from the designated beneficiary. The designation of a beneficiary is not required to be supported by consideration, and the certificate of title of the motor vehicle for which the designation is made is not required to be delivered to the beneficiary in order for the designation to be effective. Ownership of the motor vehicle is unaffected until the death of the owner.

On the death of the owner, ownership of the motor vehicle passes to the beneficiary if the beneficiary survives the owner. If a designated beneficiary does not survive the owner, the motor vehicle is part of the deceased owner's estate.

A surviving designated beneficiary must file an application for a new certificate of title with MVA. The application for a new certificate of title must include (1) the original certificate of title with the transfer-on-death designation; (2) a death certificate for the deceased owner; (3) proof of the identity of the beneficiary; and (4) any applicable fees and taxes.

The designation of a beneficiary does not affect the rights of creditors of the motor vehicle under other Maryland law.

MVA is authorized to adopt regulations to carry out the requirements of the bill.

**Current Law:** A motor vehicle owned by a sole owner is personal property of the owner. When the owner dies, the motor vehicle becomes part of the deceased owner's estate with title passing to the personal representative of the estate to hold for administration and distribution. The motor vehicle is valued and reported with all other property of the decedent.

If the motor vehicle is included in a will, the motor vehicle most likely is distributed to the recipient named in the will. If the vehicle owner dies intestate, the motor vehicle may be transferred to an heir, or may be sold with the funds received going to the estate to be distributed to heirs or to cover other costs of the estate.

**Background:** Prior to 1997, MVA was statutorily authorized to transfer the title of a decedent's motor vehicle to an entitled individual without administration if the estate consisted of no more than two motor vehicles.

According to MVA's website, the administration currently allows a vehicle owner to designate a beneficiary to receive ownership of a Maryland-titled vehicle upon death.

However, this process is completed via a separate form (*i.e.*, not on the title). The vehicle must be solely owned, and only one beneficiary can be named. In addition, the vehicle must be free of liens or encumbrances. The vehicle registration may be transferred if the vehicle is transferred to a member of the immediate family; all other transfers require the purchase of new registration plates.

Currently, at least 14 states, including Virginia and Delaware, have programs enabling the transfer of a motor vehicle to a designated beneficiary or beneficiaries on the death of the owner of the vehicle.

**State Fiscal Effect:** TTF expenditures increase by \$76,200 in fiscal 2018 only for MVA to contract with an external vendor for reprogramming costs and to redesign titles so that they include the specified transfer-on-death designation.

MVA advises that it does not anticipate a material effect on revenues, as the only fee that applies under the bill is a \$20 duplicate title fee. The Department of Legislative Services advises that the impact on TTF revenues depends on the number of sole car owners who choose to designate a beneficiary as well as any related transfers on death.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Judiciary (Administrative Office of the Courts); Maryland Department of Transportation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2017  
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Analysis by: Eric Pierce and  
Jennifer Young

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510