

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 566 (Senator Washington)
 Judicial Proceedings

Vehicle Laws - Registration Renewal - Inspection Requirement

This bill establishes an inspection requirement for each motor vehicle in the State that is at least five model years old. However, such an inspection is not required for Class L (Historic) vehicles. Before the Motor Vehicle Administration (MVA) renews the registration of such a vehicle, it must receive a valid registration renewal inspection certificate. A registration renewal inspection must include examination of specified equipment to determine if the equipment meets or exceeds standards under State law. A certificate issued pursuant to the bill is valid for 90 days after the date of issuance and must identify (1) the inspection station where the vehicle was inspected and (2) the licensed inspection mechanic who inspected the motor vehicle. An inspection station may charge up to \$45 for conducting the inspection. MVA must adopt regulations to implement the bill. Finally, the bill modifies the minimum State standards for vehicle equipment so that they conform to the bill’s inspection requirements.

Fiscal Summary

State Effect: Transportation Trust Fund expenditures increase by about \$495,300 in FY 2021 for reprogramming; revenues are not affected. In subsequent years, State finances and operations are likely not materially affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	495,300	0	0	0	0
Net Effect	(\$495,300)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law:

Used Vehicle Inspections

Generally, if a person transfers a used motor vehicle, the person has to obtain an inspection certificate from an inspection station. The inspection requirement does not apply to transfers between spouses, parents and children, vehicle co-owners, or vehicles that are not to be both titled and registered in Maryland. The inspection requirement also does not apply to other specialized types of transfers, as specified in statute.

A valid inspection certificate for a used vehicle is required for titling and registration. However, Class L (Historic) vehicles are exempt from this requirement. An inspection certificate is valid from the date of the inspection certificate for a period of 90 days. An inspection certificate issued for a used vehicle owned and held in inventory by a licensed dealer expires at the earlier of six months or after 1,000 miles have been added to the vehicle's odometer since issuance of the inspection certificate.

If a person applies for titling and registration of a used vehicle, MVA may issue a temporary registration and withhold delivery of the certificate of title until an inspection certificate is received. A vehicle with a temporary registration must be inspected within 60 days of the issuance of the temporary registration.

Safety Equipment Repair Orders

A police officer who observes that a vehicle registered in Maryland is being operated without required equipment must stop the driver and issue a safety equipment repair order. Driving on a highway without the required minimum equipment is a misdemeanor, subject to a maximum fine of \$500. The prepayment penalty established by the District Court is \$70.

Minimum Standards for Equipment

Every vehicle driven on highways in Maryland must, where applicable, have certain equipment (*e.g.*, brakes, steering, suspension, *etc.*) that meets or exceeds the standards established jointly by MVA and the Department of State Police (DSP).

Background: MVA advises there are currently 5.2 million vehicles registered in the State. Of that number, a small portion (about 3%) are historic vehicles that are exempt from the bill's inspection requirements. MVA further advises there are about 1.1 million vehicles less than five calendar years old. In total, MVA estimates about 4.0 million vehicles are

likely affected by the bill. However, only about 2.0 million of those vehicles are due for registration each year (as most vehicles re-register biennially rather than annually).

MVA also notes that the bill's safety inspection requirements differ from the current used vehicle inspection requirements. Therefore, safety inspection stations may need to be modify inspection procedures to comply with the bill. The fee currently charged by safety inspection stations varies, but it is typically between \$80 and \$100. These inspection stations are monitored by DSP.

State Expenditures: MVA anticipates reprogramming expenditures totaling \$495,300 in fiscal 2021 only in order to implement the bill. The reprogramming costs relate to MVA's kiosks, eStore, and vehicle systems. In total, about 2,434 hours of reprogramming are needed under the bill.

Small Business Effect: Many safety inspection stations qualify as small businesses and are meaningfully affected by the bill. Once the bill takes effect, a significant number of vehicles will require an inspection pursuant to the bill's requirements in order to re-register. It is unclear whether the current system of safety inspection stations can accommodate such a significant influx. Moreover, the maximum fee authorized by the bill (\$45) is significantly less than the current maximum fee (\$100) for used vehicle inspections. Therefore, there may be less of an incentive for small business inspection stations to perform the types of inspections required by the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Department of State Police; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2020
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