

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 373

(Senator Reilly)

Judicial Proceedings

Vehicle Laws – Suspension of Driver’s License or Vehicle Registration – Unpaid
Judgments

This bill reestablishes a requirement that the Motor Vehicle Administration (MVA), on receipt of a certified copy of a judgment and a certificate of facts relating to the judgment, suspend (1) the license to drive of the judgment debtor and (2) the registration of all vehicles owned by the judgment debtor that are registered in Maryland. The bill clarifies that it applies when MVA receives a certified copy of a judgment and a certificate of facts sent from an insurer who is or represents a judgment creditor.

Fiscal Summary

State Effect: General fund revenues increase, likely minimally, due to more citations issued to individuals for driving with a suspended license. Expenditures are not materially affected.

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

Small Business Effect: Potential minimal.

Analysis

Bill Summary: The bill also reestablishes two exceptions that prohibit MVA from suspending a license or registration for (1) judgments related to accidents caused by specified governmental vehicles and (2) judgments that an insurer was obligated to pay.

A license or registration suspended under Title 17, Subtitle 2 of the Transportation Article must remain suspended and may not be renewed or reissued (and a new or original license or registration may not be issued) to the judgment debtor until the judgment is (1) stayed; (2) satisfied; or (3) subject to a specified exception.

Installment Payments of Judgments

If the judgment debtor obtains an order allowing payment of the judgment in installments, MVA must reinstate the individual's license or registration. As long as the payments are not in default, MVA may not suspend the license or registration of the individual.

On notice from an insurer who is (or represents) the judgment creditor that the judgment debtor has failed to pay a required installment as specified in the order, MVA must suspend the license to drive of the judgment debtor and the registration of all vehicles owned by the individual. A license and registration suspended pursuant to this requirement must generally remain suspended until the judgment is satisfied.

Current Law: A "judgment" is any final judgment resulting from a cause of action for damages or on an agreement of settlement for damages arising out of the ownership, maintenance, or use on any highway or other property open to the public of any vehicle required to be registered in the State.

Installment Payment of Judgment

On due notice to the judgment creditor, a judgment debtor may apply to the court that rendered the judgment for the privilege of paying the judgment in installments. In its discretion, the court may order payment of the judgment in installments and may set (and modify from time to time) the amounts and times of the installment payments. A judgment debtor may continue to make payments under an installment plan as long as the installment payments are not in default.

Generally, after default (and on due notice to the judgment creditor), if past-due installments have been paid, the judgment debtor may again apply to the court for the resumption of the privilege of installment payments. In its discretion, the court may order resumption of the installment payments.

However, a judgment debtor under Title 20, Subtitle 6 of the Insurance Article who has been in default at least three times may not resume the privilege of installment payments unless (1) the Maryland Automobile Insurance Fund receives the proper payment and (2) the fund consents to the resumption of installment payments.

State Fiscal Effect: Chapters 149 and 150 of 2020, among other things, repealed the requirement that MVA suspend the driver's license (and vehicle registrations, as applicable) of a debtor with unsatisfied motor vehicle judgments. Pursuant to this change in law, MVA advises that, effective October 1, 2020, it stopped the practice of suspending licenses and registrations for judgment debtors. At that time, there were approximately 11,200 judgment suspensions on file with MVA that required reinstatement.

Under the bill, MVA advises that there is a possibility that many of those suspensions may need to be reimposed manually (assuming notice is received from an insurer who is or represents a judgment creditor). These suspensions are handled manually, as MVA must review each request and enter the suspensions on the driving record (or vehicle record). Nevertheless, MVA advises that it can handle any reimposition of suspensions with existing personnel; likewise, it can handle internal computer programming changes with existing resources.

Because additional individuals are likely to have their licenses suspended under the bill, general fund revenues may be affected as more individuals are cited and convicted of driving with a suspended license. Under current law, a person may not display (or cause or permit to be displayed) any canceled, revoked, or suspended license. A person convicted of any of those violations is subject to imprisonment for up to two months and/or a fine of up to \$500. In addition, if convicted of any of those violations, 12 points are assessed against the individual's driver's license. For each violation, the person must appear in court and may not prepay the fine. Although the number of individuals who are likely to receive citations as a result of the bill cannot be determined, it is assumed any impact on general fund revenues is minimal.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

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Analysis by: Eric F. Pierce

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