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March 4, 2021

TO: The Honorable Kumar Barve, Chair
Environment and Transportation Committee

FROM: Steven M. Sakamoto-Wengel
Consumer Protection Counsel for Regulation, Legislation and Policy

RE: House Bill 1315 – Motor Vehicles – Inspection Certificates – Exception --
OPPOSE

The Consumer Protection Division of the Office of the Attorney General opposes House Bill 1315 sponsored by Delegate Fraser-Hidalgo. House Bill 1315 would exempt from inspection a used vehicle that is transferred from a business to one of its owners. The Division is concerned that the exemption could result in unsafe vehicles on the road.

To ensure that a used vehicle may be safely operated on the roads, Maryland law requires a used vehicle that is transferred to undergo a safety inspection, with only limited exceptions. Md. Code Ann., Transp. §§ 23-106 and 23-107. The Motor Vehicle Administration considers the safety inspection so critical that last session it sought legislation, which was enacted by the General Assembly, to give it the ability to immediately suspend, without first conducting a hearing, the license of a tag and title company that it suspects is falsifying inspection certificates. See House Bill 157 (2020), enacted as Chapter 85.

A vehicle used by a business generally undergoes substantial use and wear and tear. When the business is ready to dispose of the vehicle, it is important that the vehicle be thoroughly inspected by a licensed inspection facility to ensure that it can be safely operated, regardless of whether the vehicle is being transferred to one of the owners of the business or an unrelated party.

The proponents of House Bill 1315 have stated the intent is to allow a business that is closing to seamlessly transfer title to a vehicle that had been driven by the owner of the business to that owner. However, the exemption in House Bill 1315 is much broader than that. The proponents have advised the Division that they would agree to the following amendment limiting the proposed exemption to its stated intent, which would address the Division's concerns:

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Replace page 2, lines 5-6 with: ANY TRANSFER OF A USED VEHICLE FROM A BUSINESS ENTITY THAT IS CLOSING OR HAS CLOSED PRIMARILY DRIVEN BY THE MAJORITY OWNER OF THAT BUSINESS ENTITY TO THAT MAJORITY OWNER.

Consequently, the Consumer Protection Division requests that the Environment and Transportation Committee give House Bill 1315 an unfavorable report or adopt the above amendment.

cc: The Honorable David Fraser-Hidalgo
Members, Environment and Transportation Committee