

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 996 (Delegate Boteler, *et al.*)
Environmental Matters

Vehicle Laws - Title Service Agents - Fees

This bill prohibits the Motor Vehicle Administration from titling or registering a vehicle if any required fee has not been paid to a title service agent.

Fiscal Summary

State Effect: Transportation Trust Fund expenditures would increase to process flagged records and for additional transactions to release flags. TTF revenues would increase by a commensurate amount to cover expenses. Potential additional TTF expenditures in FY 2009 only for computer reprogramming costs.

Local Effect: None.

Small Business Effect: Title service agents could have additional revenues due to their additional ability to force individuals to pay.

Analysis

Bill Summary: Under the bill, a title service agent must notify a motor vehicle owner that, if the owner refuses to pay the title service fee within 30 days, the title service agent is required to notify MVA of nonpayment, and MVA will refuse to title or register the vehicle. The bill specifies types of documentation a motor vehicle owner may provide to MVA to prove the fee was paid. MVA is required to impose a reasonable flagging fee to cover its costs incurred in flagging a record or removing a flag.

Current Law: A “title service agent” is defined as any person, besides a dealer or an employee of a dealer, who is in the business of transporting certificates of title,

registrations, drivers' licenses, certified copies of records, and other related documents to and from MVA.

Background: MVA advises that there are 87 title service agents in the State. These agents offer titling and registration services in exchange for a higher fee than MVA would charge. If a vehicle owner does not pay for the service, the title service agent does not have the same ability as MVA to force an individual to pay. Instead, title service agents have the same legal recourse as anyone else against vehicle owners who fail to pay for a service.

State Fiscal Effect: TTF revenues and expenditures would increase due to the additional flags on records; however, the magnitude of this effect cannot be reliably estimated at this time, as the number of transactions this additional flag fee would apply to cannot be reliably determined at this time. Although MVA advises that dealers technically qualify as title service agents, it is unlikely that dealerships have many individuals who do not pay their fees, as dealerships can repossess the vehicle; therefore, this bill primarily applies to stand-alone agents.

In fiscal 2007, MVA issued nearly 1.2 million titles, of which 46% were transmitted to MVA electronically; the remainder involved a physical visit to an MVA facility. MVA is unable to determine how many transactions were processed through title service agents, as opposed to other walk-in titling transactions.

Without this information, the number of transactions that could be subject to being flagged cannot be quantified; thus, MVA expenditures cannot be reliably estimated.

The bill directs MVA to set its flag fee to cover costs. MVA currently charges a \$30 flag fee to release a flag on its records for other purposes; however, the amount of the new flag fee for failure to pay a title service agent would depend on MVA's costs, which also cannot be reliably estimated at this time.

Depending on the number of new flags, MVA could need additional customer service agents; alternatively, if the number of new flags were low, MVA would be able to handle additional transactions with existing resources.

MVA advises that computer reprogramming costs associated with this bill would total approximately \$450,000. Legislative Services advises that, if other legislation is passed requiring computer reprogramming, economies of scale could be realized.

Additional Information

Prior Introductions: An identical bill, HB 855 of 2007, was withdrawn before being heard by the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2008
mll/ljm

Analysis by: Evan M. Isaacson

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