

HOUSE BILL 1482

C4

4lr3485

By: **Delegate Fraser–Hidalgo**

Introduced and read first time: February 15, 2024

Assigned to: Rules and Executive Nominations

Re–referred to: Economic Matters, February 26, 2024

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 8, 2024

CHAPTER _____

1 AN ACT concerning

2 **Insurance – Maryland Automobile Insurance Fund – Uninsured Driving**
3 **Penalties**

4 FOR the purpose of altering penalties for failing to maintain certain required security for
5 certain motor vehicles; altering the amount of the penalties that are required to be
6 paid for a certain fiscal year to the Maryland Automobile Insurance Fund and the
7 base amount used to calculate the amount paid in subsequent fiscal years; and
8 generally relating to the Maryland Automobile Insurance Fund and uninsured
9 driving.

10 BY repealing and reenacting, with amendments,
11 Article – Transportation
12 Section 17–106
13 Annotated Code of Maryland
14 (2020 Replacement Volume and 2023 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – Transportation**

18 17–106.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



(a) If the required security for any vehicle lapses at any time, the registration of that vehicle:

(1) Is suspended automatically as of the date of the lapse effective not later than 60 days after notification to the Administration that the lapse has occurred; and

(2) Remains suspended until:

(i) The required security is replaced and the vehicle owner submits evidence of replaced security on a form as prescribed by the Administration and certified by an insurer or insurance producer; and

(ii) Any uninsured motorist penalty fee assessed is paid to the Administration.

(b) (1) Except as provided in paragraph (2) of this subsection, each insurer or other provider of required security immediately shall notify the Administration electronically of those terminations or other lapses that are final.

(2) Each insurer or other provider of required security for a vehicle registered as a Class B (for hire) vehicle under Title 13 of this article shall notify the Administration within 45 days [of] **AFTER** a termination or other lapse that is final and occurs anytime after the required security is issued or provided.

(c) On receipt of a notice under subsection (b) of this section, the Administration shall:

(1) Make a reasonable effort to notify the owner of the vehicle that his registration has been suspended; and

(2) Provide electronically the information contained in the notice of the suspension to the Uninsured Division of the Maryland Automobile Insurance Fund.

(d) (1) Within 48 hours after an owner is notified by the Administration of the suspension of registration, the owner shall surrender all evidences of that registration to the Administration.

(2) If the owner fails to surrender the evidences of registration within the 48-hour period, the Administration:

(i) Shall attempt to recover from the owner the evidences of registration; and

(ii) May suspend his license to drive until he returns to the Motor Vehicle Administration the evidences of registration.

(3) The Administration may enter into contracts with private parties to procure the services of independent agents to assist in the recovery of the evidences of registration as authorized in paragraph (2) of this subsection.

(e) (1) (i) 1. Except as provided in subparagraphs (iv) and (v) of this paragraph, in addition to any other penalty provided for in the Maryland Vehicle Law, if the required security for a vehicle terminates or otherwise lapses during its registration year, the Administration may assess the owner of the vehicle with a penalty of ~~[\$150]~~ **\$200** for each vehicle without the required security for a period of 1 to 30 days.

2. If a fine is assessed, beginning on the 31st day the fine shall increase by a rate of ~~[\$7]~~ **\$10** for each day.

(ii) Each period during which the required security for a vehicle terminates or otherwise lapses shall constitute a separate violation.

(iii) The penalty imposed under this subsection may not exceed ~~[\$2,500]~~ **\$3,500** for each violation in a 12-month period.

(iv) The Administration may not assess a penalty under this subsection if:

1. The registration plates of the vehicle are returned to the Administration within 10 days after the termination or lapse of the required security, as shown by the records of the Administration; and

2. A. The certificate of title for the vehicle has been transferred to a new owner;

B. The registered owner has moved out-of-state and the registration plates are returned by mail;

C. A salvage certificate has been issued for the vehicle; or

D. A licensed dealer has taken possession of the vehicle with an obligation to return the registration plates.

(v) Before the Administration may assess a penalty under this subsection, the Administration shall first verify that the registration plates for the vehicle were not returned to the Administration within 10 days after the termination or lapse of the required security.

(2) (i) Except as provided under paragraph (3) of this subsection, a penalty assessed under this subsection shall be paid as follows:

1. 70% to be allocated as provided in subparagraph (ii) of this paragraph; and

2. 30% to the Administration, which may be used by the Administration, subject to subsection (f) of this section, to provide funding for contracts with independent agents to assist in the recovery of evidences of registration as authorized in subsection (d)(3) of this section.

(ii) For each fiscal year beginning on or after July 1, 2014, the percentage of the penalties specified under subparagraph (i)1 of this paragraph shall be allocated among the Safe Schools Fund, the Vehicle Theft Prevention Fund, the Maryland Automobile Insurance Fund, and the General Fund as follows:

1. \$600,000 to the Safe Schools Fund;

2. \$2,000,000 to the Vehicle Theft Prevention Fund;

3. **[To] THE AMOUNTS SPECIFIED UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH TO the Maryland Automobile Insurance Fund[;**

A. Except for fiscal year 2024 and except as provided under item C of this item, the amount distributed to the Maryland Automobile Insurance Fund in the prior fiscal year under the provisions of this paragraph adjusted by the change for the calendar year preceding the fiscal year in the Consumer Price Index – All Urban Consumers – Medical Care as published by the United States Bureau of Labor Statistics;

B. For fiscal year 2024, the amount distributed to the Maryland Automobile Insurance Fund in the prior fiscal year under the provisions of this paragraph adjusted by the change for the calendar year preceding the fiscal year in the Consumer Price Index – All Urban Consumers – Medical Care as published by the United States Bureau of Labor Statistics plus an additional \$2,000,000; and

C. For fiscal year 2025, the amount distributed to the Maryland Automobile Insurance Fund calculated in accordance with item A of this item excluding the \$2,000,000 distributed to the Fund in fiscal year 2024]; and

4. The balance to the General Fund.

(III) 1. EXCEPT FOR FISCAL YEAR 2024 AND EXCEPT AS PROVIDED UNDER SUBSUBPARAGRAPH 3 OF THIS SUBPARAGRAPH, THE AMOUNT DISTRIBUTED TO THE MARYLAND AUTOMOBILE INSURANCE FUND UNDER SUBPARAGRAPH (II)3 OF THIS PARAGRAPH SHALL EQUAL THE AMOUNT DISTRIBUTED TO THE MARYLAND AUTOMOBILE INSURANCE FUND IN THE PRIOR FISCAL YEAR UNDER THE PROVISIONS OF THIS PARAGRAPH ADJUSTED BY THE CHANGE FOR THE CALENDAR YEAR PRECEDING THE FISCAL YEAR IN THE CONSUMER PRICE INDEX – ALL URBAN CONSUMERS – MEDICAL CARE AS PUBLISHED BY THE UNITED STATES BUREAU OF LABOR STATISTICS.

2. FOR FISCAL YEAR 2024, THE AMOUNT DISTRIBUTED TO THE MARYLAND AUTOMOBILE INSURANCE FUND UNDER SUBPARAGRAPH (II)3 OF THIS PARAGRAPH SHALL EQUAL THE AMOUNT DISTRIBUTED TO THE MARYLAND AUTOMOBILE INSURANCE FUND IN THE PRIOR FISCAL YEAR UNDER THE PROVISIONS OF THIS PARAGRAPH ADJUSTED BY THE CHANGE FOR THE CALENDAR YEAR PRECEDING THE FISCAL YEAR IN THE CONSUMER PRICE INDEX – ALL URBAN CONSUMERS – MEDICAL CARE AS PUBLISHED BY THE UNITED STATES BUREAU OF LABOR STATISTICS PLUS AN ADDITIONAL \$2,000,000.

3. FOR FISCAL YEAR 2025, THE AMOUNT DISTRIBUTED TO THE MARYLAND AUTOMOBILE INSURANCE FUND UNDER SUBPARAGRAPH (II)3 OF THIS PARAGRAPH SHALL EQUAL THE AMOUNT DISTRIBUTED TO THE MARYLAND AUTOMOBILE INSURANCE FUND CALCULATED IN ACCORDANCE WITH SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH:

A. PLUS AN ADDITIONAL ~~\$2,500,000~~ \$3,000,000 DEDICATED TO THE EXCLUSIVE USE OF THE UNINSURED DIVISION, WHICH SHALL BECOME PART OF THE BASE AMOUNT USED TO CALCULATE THE AMOUNT DISTRIBUTED UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IN SUBSEQUENT FISCAL YEARS; BUT

B. EXCLUDING THE \$2,000,000 DISTRIBUTED TO THE FUND IN FISCAL YEAR 2024.

(3) Beginning July 1, 2018, any uninsured motorist penalties the Administration receives under the Program to Incentivize and Enable Uninsured Vehicle Owners to Be Insured established under § 20–612 of the Insurance Article shall be paid to the Uninsured Division of the Maryland Automobile Insurance Fund.

(4) If the Administration assesses a vehicle owner, co-owner, or lessee with a penalty under this subsection, the Administration may not take any of the following actions until the penalty is paid:

(i) Reinstate a registration suspended under this subsection;

(ii) Except for a temporary registration as provided under § 13–602(a)(2) of this article, issue a new registration for any vehicle that is owned, co-owned, or leased by that person and is titled after the violation date; or

(iii) Renew a registration for a vehicle that is owned, co-owned, or leased by that person.

(5) (i) In this paragraph, “family member” means any individual whose relationship to the vehicle owner is one of those listed under § 13–810(c)(1) of this article as being exempt from paying the excise tax imposed on the transfer of a vehicle.

(ii) The monetary penalties provided in this subsection may not be avoided by transferring title to the vehicle.

(iii) Except as provided in paragraph (1)(iv) and (v) of this subsection, regardless of whether money or other valuable consideration is involved in the transfer, if title to a vehicle is transferred by an individual who has violated this subtitle to a family member, any suspension of the vehicle’s registration that occurred before the transfer shall continue as if no transfer had occurred and a new registration may not be issued until the penalty fee is paid.

(6) An amount equal to the monetary penalties paid to the Administration under paragraph (2) of this subsection may be used by the Administration only for the enforcement of this subtitle.

(f) From the amount distributed to the Administration under subsection (e)(2)(i)2 of this section, expenditures to fund contracts entered into under subsection (d)(3) of this section:

(1) May not exceed \$1,000,000 in any fiscal year; and

(2) May be made only:

(i) Pursuant to an appropriation approved by the General Assembly in the annual State budget; or

(ii) Through the budget amendment procedure provided for in § 7–209 of the State Finance and Procurement Article, provided that:

1. The budget amendment and supporting information have been submitted to the budget committees for review and comment; and

2. At least 45 days have elapsed from the time the budget amendment and supporting information were submitted to the budget committees.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2024.