

Chapter 857

(House Bill 1482)

AN ACT concerning

~~Insurance—Maryland Automobile Insurance Fund—Uninsured Driving Penalties~~**Uninsured Driving Penalties – Funding for the Maryland Automobile Insurance Fund, Driver Education, and Transportation to Field Trips**

FOR the purpose of altering ~~penalties~~ the penalty for failing to maintain certain required security for certain motor vehicles and the distribution of the revenue derived from the penalties; altering the amount of the penalties that are required to be paid for a certain fiscal year to the Maryland Automobile Insurance Fund and the base amount used to calculate the amount paid in subsequent fiscal years; establishing the Driver Education in Public High Schools Grant Program to provide grants to public high schools and nonprofit organizations to assist public high schools in offering driver education courses to students; establishing the State-Aided Institutions Field Trip Grant Program to assist public schools in transporting students to field trips at State-aided educational institutions; establishing the Driver Education in Public High Schools Fund and the State-Aided Institutions Field Trip Fund as special, nonlapsing funds; and generally relating to ~~the Maryland Automobile Insurance Fund and penalties for~~ uninsured driving, the distribution of the revenue derived from the penalties, driver education, transportation to school field trips, and the Maryland Automobile Insurance Fund.

BY repealing and reenacting, without amendments,
Article – Education
Section 7-414
Annotated Code of Maryland
(2022 Replacement Volume and 2023 Supplement)

BY adding to
Article – Education
Section 7-414.1 and 7-810
Annotated Code of Maryland
(2022 Replacement Volume and 2023 Supplement)

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

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

Article – Education

7-414.

(a) (1) Each county board may offer instruction in the safe operation of a motor vehicle to high school students who are 15 years old or older.

(2) The instruction shall be given as provided by Title 16, Subtitle 5 of the Transportation Article.

(3) Each county board shall determine whether the course is an elective or a required course.

(4) The State Board shall determine what credit, if any, is allowed to successful students of the course.

(b) The principal of each school that offers the driver education course shall arrange the time set aside for actual driving instruction so that it does not interfere with other school work.

(c) (1) Each motor vehicle used for instruction shall bear the identification required by the Motor Vehicle Administration.

(2) If practicable, the actual driving instruction shall be conducted on private or public property that is removed from State roads.

7-414.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “FUND” MEANS THE DRIVER EDUCATION IN PUBLIC HIGH SCHOOLS FUND.

(3) “PROGRAM” MEANS THE DRIVER EDUCATION IN PUBLIC HIGH SCHOOLS GRANT PROGRAM.

(B) THERE IS A DRIVER EDUCATION IN PUBLIC HIGH SCHOOLS GRANT PROGRAM IN THE DEPARTMENT.

(C) THE PURPOSE OF THE PROGRAM IS TO PROVIDE GRANTS TO PUBLIC HIGH SCHOOLS AND NONPROFIT ORGANIZATIONS TO ASSIST PUBLIC HIGH SCHOOLS IN OFFERING DRIVER EDUCATION COURSES FOR STUDENTS CONSISTENT WITH THE REQUIREMENTS OF § 7-414 OF THIS SUBTITLE.

(D) THE DEPARTMENT SHALL:

(1) ADMINISTER THE PROGRAM;

(2) ESTABLISH APPLICATION PROCEDURES FOR THE PROGRAM; AND

(3) AWARD GRANTS FROM THE PROGRAM.

(E) (1) SUBJECT TO THE AVAILABILITY OF MONEY IN THE FUND, A PUBLIC SCHOOL OR NONPROFIT ORGANIZATION MAY APPLY FOR A GRANT UNDER THE PROGRAM FOR EXPENSES PAID OR INCURRED, OR THAT WILL BE PAID OR INCURRED, TO OFFER A DRIVER EDUCATION COURSE FOR STUDENTS CONSISTENT WITH THE REQUIREMENTS OF § 7-414 OF THIS SUBTITLE.

(2) WHEN MAKING GRANTS, THE DEPARTMENT SHALL PRIORITIZE:

(I) PUBLIC HIGH SCHOOLS AT WHICH AT LEAST 40% OF THE REGISTERED STUDENTS ARE ELIGIBLE FOR THE FEDERAL FREE OR REDUCED PRICE MEAL PROGRAM; AND

(II) NONPROFIT ORGANIZATIONS WORKING TO OFFER A DRIVER EDUCATION COURSE IN A SCHOOL AT WHICH AT LEAST 40% OF THE REGISTERED STUDENTS ARE ELIGIBLE FOR THE FEDERAL FREE OR REDUCED PRICE MEAL PROGRAM.

(F) (1) THERE IS A DRIVER EDUCATION IN PUBLIC HIGH SCHOOLS FUND.

(2) THE DEPARTMENT SHALL ADMINISTER THE FUND.

(3) (I) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(II) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(4) THE FUND CONSISTS OF:

(I) MONEY RECEIVED BY THE FUND FROM FINES FOR VEHICLE SECURITY LAPSES UNDER § 17-106 OF THE TRANSPORTATION ARTICLE; AND

(II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(5) THE FUND MAY BE USED ONLY FOR:

(I) PROVIDING GRANTS UNDER THE PROGRAM; AND

(II) ADMINISTRATIVE COSTS OF THE PROGRAM.

(6) (I) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(II) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE.

(G) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

7-810.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “FUND” MEANS THE STATE-AIDED INSTITUTIONS FIELD TRIP FUND.

(3) “PROGRAM” MEANS THE STATE-AIDED INSTITUTIONS FIELD TRIP GRANT PROGRAM.

(B) THERE IS A STATE-AIDED INSTITUTIONS FIELD TRIP GRANT PROGRAM IN THE DEPARTMENT.

(C) THE PURPOSE OF THE PROGRAM IS TO PROVIDE GRANTS TO PUBLIC SCHOOLS TO PROVIDE TRANSPORTATION TO STUDENTS FOR FIELD TRIPS TO EDUCATIONAL INSTITUTIONS THAT ARE QUALIFIED AS STATE-AIDED EDUCATIONAL INSTITUTIONS UNDER TITLE 5, SUBTITLE 5 OF THIS ARTICLE.

(D) THE DEPARTMENT SHALL:

(1) ADMINISTER THE PROGRAM;

(2) ESTABLISH APPLICATION PROCEDURES FOR THE PROGRAM; AND

(3) AWARD GRANTS FROM THE PROGRAM.

(E) (1) SUBJECT TO THE AVAILABILITY OF MONEY IN THE FUND, A PUBLIC SCHOOL MAY APPLY FOR A GRANT UNDER THE PROGRAM FOR EXPENSES PAID OR INCURRED, OR THAT WILL BE PAID OR INCURRED, TO PROVIDE TRANSPORTATION TO STUDENTS FOR FIELD TRIPS TO EDUCATIONAL INSTITUTIONS THAT ARE QUALIFIED AS STATE-AIDED EDUCATIONAL INSTITUTIONS UNDER TITLE 5, SUBTITLE 5 OF THIS ARTICLE.

(2) WHEN MAKING GRANTS, THE DEPARTMENT SHALL PRIORITIZE PUBLIC SCHOOLS AT WHICH AT LEAST 40% OF THE REGISTERED STUDENTS ARE ELIGIBLE FOR THE FEDERAL FREE OR REDUCED PRICE MEAL PROGRAM.

(F) (1) THERE IS A STATE-AIDED INSTITUTIONS FIELD TRIP FUND.

(2) THE DEPARTMENT SHALL ADMINISTER THE FUND.

(3) (I) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(II) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(4) THE FUND CONSISTS OF:

(I) MONEY RECEIVED BY THE FUND FROM FINES FOR VEHICLE SECURITY LAPSES UNDER § 17-106 OF THE TRANSPORTATION ARTICLE; AND

(II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(5) THE FUND MAY BE USED ONLY FOR:

(I) PROVIDING GRANTS UNDER THE PROGRAM; AND

(II) ADMINISTRATIVE COSTS OF THE PROGRAM.

(6) (I) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(II) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE.

(G) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

Article – Transportation

17–106.

(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, **THE DRIVER EDUCATION IN PUBLIC HIGH SCHOOLS FUND, THE STATE-AIDED INSTITUTIONS FIELD TRIP 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. \$2,000,000 TO THE DRIVER EDUCATION IN PUBLIC HIGH SCHOOLS FUND;

5. \$600,000 TO THE STATE-AIDED INSTITUTIONS FIELD TRIP FUND; AND

~~4~~ **6.** 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.

Approved by the Governor, May 16, 2024.