

Bulletin

D-06-16-01

Date: June 2, 2016
Bulletin: All Dealers and Tag & Title Services
From: Business Licensing and Consumer Services
RE: Legislation

The following are the highlights of bills that have passed and may have a direct impact on dealers' and/or tag and title services:

The following bill is Effective June 1, 2016

HB922 \ SB579 Vehicle Laws – Application – Park Model Recreational Vehicles – Definition

This bill establishes a definition for park model recreational vehicle and also alters the definition of a travel trailer to include park model recreational vehicles.

The following bills are Effective July 1, 2016:

HB805 \ SB774 Motor Vehicles – Autocycles – Standards and Requirements

These bills establish that an autocycle is considered to be a motorcycle. The bills define an “autocycle” as a motor vehicle that (1) has two front wheels and one rear wheel; (2) has a steering wheel; (3) has permanent seats on which the operator or a passenger is not required to sit astride; (4) has foot pedals to control acceleration, braking, and, if applicable, a clutch; and (5) is manufactured to comply with federal safety standards for motorcycles.

Any driver license holder with a noncommercial Class A, B, or C license is authorized to drive an autocycle. A Class M driver’s license is not authorized to drive an autocycle. An applicant for a driver’s license may not use an autocycle for the driver skills examination.

HB912 \ SB888 Motor Vehicle Insurance – Program to Incentivize and Enable Uninsured Vehicle Owners to Be Insured

These bills establish a program to incentivize and enable uninsured vehicle owners to be insured. The program will be administered by MVA and its purpose is to reduce the number of uninsured vehicles in the State.

Under the program, MVA must (1) waive 80% of a vehicle owner’s delinquent uninsured vehicle penalties that became delinquent before January 1, 2014, and (2) require those owners to

purchase and maintain the required security for their vehicles. The program must last up to 90 days during calendar 2017.

An owner is eligible to participate if the owner (1) is a resident of the State; (2) does not have the required security on a vehicle; (3) has eligible delinquent uninsured vehicle penalties; and (4) has not been issued a judgment by the Central Collection Unit (CCU).

A participant must pay the balance owed for delinquent uninsured vehicle penalties after subtracting the waived amount, as well as any fees owed to CCU. The participant must maintain the required security on the vehicle for at least six months or, if the waived penalty exceeds \$3,000, for at least one year.

MVA is required to coordinate with MIA to publicize the program and must notify eligible vehicle owners about the program. MVA is authorized to accept funding or another form of support from MAIF's Uninsured Claim and Judgment Fund. MVA must report to the Governor and the General Assembly on the program's results and any recommendations for another similarly purposed program.

The following bills are Effective October 1, 2016:

HB58 Vehicle Laws – Historic Motor Vehicles – Authorized Uses and Inspections

This bill requires an applicant for a historic motor vehicle registration to submit with a registration application an additional certification that the vehicle for which the application is made will not be used for employment, for transportation to and from employment or school, or for commercial purposes. The bill also requires a safety inspection for vehicle model year 1986 and later prior to historic registration being issued. This bill authorizes law enforcement to issue a safety equipment repair order for historic motor vehicles with a model year of 1986 or later.

HB253 /SB309 Motor Vehicle Registration - Exception for Golf Carts - City of Crisfield

These bills allow an exception from motor vehicle registration requirements under certain circumstances for golf carts in the City of Crisfield.

HB525 Vehicle Laws - Manufacturers and Dealers

This bill establishes that a motor vehicle manufacturer, distributor, or factory branch may not prohibit a vehicle dealer from, or take any adverse action against a dealer for providing to a customer information (including a recall notice or technical service bulletin) given to the dealer by a manufacturer related to any condition that may substantially affect motor vehicle safety, durability, reliability, or performance. A dealer, however, may provide the information only to a customer who has purchased the vehicle for which the information pertains from the dealer or that has had the vehicle for which the information pertains serviced by the dealer.

A licensee may not deny a claim, reduce the amount of compensation to a dealer, or process a charge back to a dealer for performing covered warranty or required recall repairs on a vehicle under specified circumstances. If a licensee issues a stop sale directive applicable to a used vehicle manufactured by the licensee to a dealer that holds a franchise from the licensee and there are no remedies or parts available to fix the motor vehicle, the licensee must compensate the dealer. Compensation may be in one of two forms: (1) providing payment to the dealer at a rate of at least 1% per month or portion of a month of the value of the vehicle; or (2) under a

national program applicable to all dealers holding a franchise from the licensee for their costs associated with the stop sale directive.

HB675 Vehicle Laws - Mechanical Repair Contracts

This bill alters the definition of “mechanical repair contract” to encompass any agreement or contract sold by an “agent.” An agent is defined as a business entity that is authorized by an obligor or a licensed vehicle dealer to sell a mechanical repair contract. The bill also makes a clarifying and conforming change to allow an agent – as well as an employee of a licensed vehicle dealer, agent, or registered obligor – to offer, sell, or negotiate a mechanical repair contract. An obligor or a licensed vehicle dealer is liable for the actions of its agent when the agent is offering or selling a mechanical repair contract on its behalf.

An obligor or a licensed vehicle dealer that uses an agent to sell mechanical repair contracts must maintain a list of its agents and make the list available to the Insurance Commissioner on request. Likewise, an agent must maintain a list of the names of each employee authorized to sell mechanical repair contracts and, on request, provide this list to its obligor or licensed vehicle dealer within 10 business days from receipt of the request.

The bill increases the maximum misdemeanor fine that may be imposed for unauthorized sales of mechanical repair contracts from \$1,000 to \$5,000. The bill also authorizes the Insurance Commissioner to impose a civil penalty of at least \$100 but no more than \$5,000 for each violation of provisions relating to mechanical repair contracts committed by an agent or the agent’s employee while offering or selling a repair contract on behalf of a registered obligor.

HB720 / SB544 Motor Vehicle Insurance – Insurance Identification Card – Carrying Proof of Coverage – Uninsured Motorist Education and Enforcement Fund

These bills require an insurer that issues, sells, or delivers a motor vehicle liability insurance policy in the State to provide an insurance identification card to an insured at the time a policy is initially issued and at each renewal. The card, which must include certain information, is a form of evidence of the required security for a motor vehicle and may be produced in electronic format.

The bills further require the operator of a motor vehicle that is required to be registered in the State to (1) be in possession of, or carry in the motor vehicle, evidence of the required security for the motor vehicle when operating the motor vehicle on a highway in the State and (2) present evidence of the required security on request of a law enforcement officer. A person who violates this requirement is subject to a fine of \$50, which may be waived, but if collected must be deposited in the Uninsured Motorist Education and Enforcement Fund.

This new fund is administered by the Motor Vehicle Administration (MVA), and its revenues must be used to administer the fund and educate drivers about and enforce the security requirements for motor vehicles under the Maryland Vehicle Law. MVA may accept funding for the new fund or another form of support from the Uninsured Claim and Judgment Fund of the Maryland Automobile Insurance Fund.

HB986 Vehicle Laws - Trade-In Allowance - Leased Vehicles

This bill allows a person to deduct the trade-in allowance for a leased vehicle for purposes of calculating the vehicle excise tax if the person is purchasing a vehicle or leasing another vehicle from a different leasing company.

HB1179 Vehicle Laws – HOV Lanes – Plug-In Electric Drive and Hybrid Vehicles

This bill authorizes qualified hybrid vehicles displaying a valid permit to use a designated high occupancy vehicle (HOV) lane on U.S. Route 50 regardless of the number of passengers.

Should you have any questions or concerns, please contact us at mvablesd@mva.maryland.gov.