Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 111 (Senator McCray)
Judicial Proceedings Environment and Transportation

Vehicle Laws - Out-of-State Vehicles - Improper Registration

This bill requires the Motor Vehicle Administration (MVA) to engage in a specified process to facilitate compliance with State vehicle registration requirements when it has reasonable cause to believe a motor vehicle owner is a resident of the State and has failed to properly register the vehicle with MVA and display registration plates issued by MVA. The bill includes several other changes, including provisions related to (1) repossession of registration cards and plates; (2) State policy regarding promotion and encouragement of reciprocal enforcement efforts; (3) establishment of reciprocal agreements for automated traffic enforcement systems; (4) registration requirements for trailers, semitrailers, or pole trailers; (5) temporary titling tax exemptions for vehicles subject to the bill; and (6) restrictions on the ability of title service agents to register motor vehicles in other states.

Fiscal Summary

State Effect: General fund, special fund (primarily Transportation Trust Fund (TTF)), and nonbudgeted revenues increase, likely significantly, beginning in FY 2027 under the assumptions discussed below. TTF expenditures increase by $379,400 in FY 2027 for implementation; out-years reflect annualization and ongoing costs, as discussed below.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF/SF/NonBud Rev.	-	-	-	-	-
SF Expenditure	$379,400	$428,100	$445,900	$463,800	$481,700
Net Effect	-	-	-	-	-

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local government revenues increase from additional local highway user revenues and payment of past-due automated enforcement citations, as discussed below. Expenditures are not anticipated to be materially affected, as discussed below.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Registration Compliance Process and Penalties

The registration compliance process includes (1) the issuance of warnings by MVA to applicable motor vehicle owners with a 60-day compliance period; (2) the assessment of civil fines by MVA for noncompliance beyond the initial 60 days; and (3) referrals by MVA to local jurisdictions for potential additional enforcement actions against motor vehicles when owners remain out of compliance after 120 days from when the warning was issued. More specifically, in addition to any other penalty specified in the Maryland Vehicle Law, if MVA has reasonable cause to believe that a motor vehicle owner is a resident of the State and has failed to properly register the motor vehicle with MVA and display valid registration plates issued by MVA on the motor vehicle, MVA must engage in the following process.

- ***Issuance of Warning and 60-day Compliance Period*** – MVA must issue a warning to the motor vehicle owner that the owner has 60 days from the date of the warning to *either* properly register the motor vehicle in Maryland and display valid MVA-issued registration plates *or* provide proof acceptable to MVA that the motor vehicle is *not* required to be registered in the State. The motor vehicle owner must obtain and display on the vehicle a nonresident permit issued by MVA if the owner provides this acceptable proof and MVA determines a permit is required.
- ***Civil Fine for Continued Noncompliance*** – If, within the 60-day compliance period, the motor vehicle owner fails to comply with Maryland vehicle registration requirements or provide acceptable proof that Maryland registration is not required, MVA must impose a civil fine against the motor vehicle of $7.00 per day of continued noncompliance for up to 60 days.
- ***Civil Action In Rem Against the Vehicle for Persistent Noncompliance*** – MVA must notify the appropriate local jurisdiction if the vehicle owner still has not complied 120 days after the initial warning. The appropriate county attorney *may* bring a civil action *in rem* (an action against the motor vehicle) for immobilization of the motor vehicle by towing or removal and impoundment or booting.

Repossession of Registration Documents and Plates

MVA may take possession of any registration card or registration plate that has been issued by another jurisdiction but is being used or displayed by a person who has been a resident of the State for more than 60 days *and* meets one of the following conditions: (1) the person has failed to comply with two or more traffic citations, including citations generated

by automated traffic enforcement systems; (2) the person has had their license or privilege to drive in the State suspended for failure to pay child support; or (3) the registration is for a motor vehicle whose registration has, at any point, been suspended due to lapse or termination of required security (insurance) for a period of six months or more.

Any State agency authorized by law and any political subdivision of the State may adopt ordinances and regulations that authorize an employee or agent of the State agency or political subdivision to take possession of any registration plate described above that is being displayed by a parked vehicle.

Reciprocal Agreements

The bill alters the State policy regarding the promotion and encouragement of reciprocal enforcement efforts by specifying that such cooperation also contributes to the safety of the State. The bill further authorizes the Motor Vehicle Administrator to make an agreement, arrangement, or declaration with the authorized representative of any other jurisdiction to allow reciprocal enforcement of violations recorded automated traffic enforcement systems between the State and the other jurisdiction. Any such agreement, arrangement, or declaration may authorize MVA to refuse to register or reregister a motor vehicle.

Registration of Trailers, Semitrailers, or Pole Trailers

The bill exempts from Maryland vehicle registration requirements a trailer, semitrailer, or pole trailer that displays *valid* registration issued by another jurisdiction and makes conforming changes.

Titling Tax

The bill *temporarily* exempts certain vehicles from the vehicle excise tax. The exemption applies, only on or before December 31, 2026, to a vehicle that:

- was previously registered in Maryland;
- was subsequently registered in another jurisdiction (despite the owner of the vehicle continuing to be a resident of Maryland); and
- is being registered to comply with provisions of State law requiring a vehicle to be registered in the State.

Title Service Agent Requirements

A title service agent (or an agent or employee) may not sell, offer for sale, advertise, or facilitate the sale of a motor vehicle registration issued by another jurisdiction to a resident

of Maryland. MVA must suspend the license of a person if it finds that the person violated this requirement.

Current Law:

Out-of-state Registration

Unless otherwise exempt, each motor vehicle, trailer, semitrailer, and pole trailer driven on a highway in the State must be registered with MVA. Registration is not required for a vehicle owned by a new resident of the State during the first 60 days of residency if the vehicle displays a valid out-of-state registration. If a motor vehicle required to be registered is not registered, a person may not park the unregistered motor vehicle on any public alley, street, or highway or on private property used by the public in general, including parking lots of shopping centers, condominiums, apartments, or town house developments. Also, a person may not drive or attempt to drive a vehicle on any highway in the State without a valid registration as required from MVA. The annual vehicle registration fee varies by class and weight.

A person who has not properly registered a vehicle is guilty of a misdemeanor and is subject to a maximum fine of $500. The District Court assesses a prepayment penalty of $290 for this offense. Also, MVA may take possession of any certificate of title, registration card, permit, license, or registration plate that has been issued by another jurisdiction but is being illegally used or displayed.

Nonresident Permit

Individuals meeting specified criteria are exempt from Maryland vehicle registration requirements. However, these individuals may be required to, or may choose to, obtain a nonresident permit, which allows a licensed driver to maintain and operate a vehicle registered out of state. Examples of these individuals include students enrolled in Maryland colleges and universities, active-duty military, and temporary employees.

If a nonresident temporarily maintains or occupies a dwelling in the State for a period more than 30 days, but not more than one year, the nonresident must obtain a nonresident permit from MVA, in lieu of registration, within 10 days immediately following the 30-day period. A nonresident permit is generally valid for up to one year.

However, a nonresident who is a student enrolled in an accredited school, college, or university of the State or of a bordering state *must* obtain a nonresident permit from MVA, in lieu of registration, within 30 days of maintaining or occupying a dwelling in Maryland. A nonresident permit issued to a student is valid for up to one year but may be renewed annually in accordance with the nonresident's eligibility for the exemption.

Also, a nonresident who is a member of the uniformed services of the United States or of the U.S. Public Health Services and is serving on active duty in the State, an adjoining state, or the District of Columbia *may* obtain a nonresident permit (which is valid until the expiration date of the registration plates of the vehicle) from MVA, in lieu of registration, if the permit application is made within 10 days immediately following the 30-day period.

Generally, the nonresident permit must be displayed on the windshield of the nonresident's exempt vehicle in the place and manner described by MVA. The annual fee for a nonresident permit is $27.

Out-of-state Improper Registrations Report

Chapter 648 of 2024 required MVA, in consultation with Baltimore City and other interested jurisdictions, to prepare a report, as specified, on motor vehicles owned by Maryland residents that are improperly registered in another state. MVA issued its report in January 2025. Since then, MVA has determined that, as of October 2025, approximately 77,550 individuals with Maryland addresses have a vehicle registered in Virginia.

Reciprocal Agreements

It is the policy of the State to promote and encourage the fullest possible use of its highway system by authorizing vehicle reciprocal or proportional registration agreements, arrangements, and declarations with other jurisdictions as to vehicles registered in this State and in those other jurisdictions, thus contributing to the economic and social development and growth of this State. To that end, the Motor Vehicle Administrator is authorized to make reciprocal agreements, arrangements, and declarations; however, State law specifies the types of benefits, privileges, and exemptions for which those agreements, arrangements, and declarations may apply. State law does not explicitly authorize the Motor Vehicle Administrator to participate in reciprocal enforcement activities related to any automated traffic enforcement systems.

Vehicle Excise Tax

Subject to specified exemptions, the vehicle excise tax (also known as the titling tax) is imposed for each original and subsequent certificate of title issued in the State for a motor vehicle, a trailer, a semitrailer, a moped, a motor scooter, or an off-highway recreational vehicle (OHRV) and for specified vehicles in interstate operation that are registered without a certificate of title.

Title Service Agents

State law defines a "title service agent" as any person in the business of transporting to and from MVA certificates of title, registrations, driver's licenses, certified copies of records, and other related documents. MVA oversees the licensing process for title service agents. A title service agent (including agents and employees of title service agents) may not:

- make any material misrepresentation on any MVA form;
- misrepresent any material fact in obtaining a license;
- willfully fail to notify MVA of any change in the ownership, management, name, or location of the business conducted under the license;
- fail to account for (and remit to) MVA any fees received for any certificates of title, registrations, driver's licenses, certified copies of records, or other related documents;
- conduct any title service agency business with (or through) any person required to be licensed under State law if the title service agent knows that the person is not licensed;
- willfully violate any provision of the Maryland Vehicle Law that relates to the business of a title service agent; or
- willfully fail to comply with any rule, regulation, or lawful order adopted by MVA.

State Fiscal Effect: TTF expenditures increase by an estimated $379,365 in fiscal 2027 for MVA to establish an administrative framework to implement the bill.

Initial enforcement actions are expected to be targeted at the approximately 77,550 vehicles identified as being, often improperly, registered in Virginia. MVA assumes that one-half (38,775) of those vehicles are likely to comply with Maryland registration requirements. If they were all to come into compliance in fiscal 2027 (which assumes expeditious implementation), the readily quantifiable revenue impacts under the bill could total approximately $15.4 million that year, as discussed further below. However, for the initial group that comes into compliance, out-year revenues are lower.

Nevertheless, revenues continue to grow as additional enforcement efforts are undertaken to facilitate compliance of other vehicles owned by Maryland residents who maintain out-of-state registrations.

Administrative Expenditures

MVA advises that additional customer service agents are needed to handle the likely influx of registrations. Accordingly, TTF expenditures increase by $379,365 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date, and by $481,697 in fiscal 2031. This

estimate reflects the cost of hiring five additional customer service agents to manage increased workloads under the bill; it also assumes approximately 5,000 cases are opened and that each agent is responsible for investigating approximately 1,000 cases. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	5.0
Salaries and Fringe Benefits	$278,795
Operating Expenses	100,570
FY 2027 MVA Staffing Expenditures	**$379,365**

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This estimate also includes ongoing mailing costs totaling $54,866 annually.

Revenues

Special fund revenues increase beginning in fiscal 2027, which assumes expeditious implementation of the bill, likely by at least $15.4 million in the first year. Under the assumptions below, most of that revenue impact is on TTF ($13.8 million), while other special funds realize a combined $1.6 million in fiscal 2027. Out-year impacts reflect only ongoing fees (annual or biennial) and are assumed to total $6.2 million.

The reciprocal agreements made possible by the bill are likely to result in additional automated traffic enforcement system citations being paid beginning as early as fiscal 2027. Because various automated traffic enforcement systems are administered by the State Highway Administration, the Maryland Transportation Authority (MDTA), and local jurisdictions, and because contested cases are adjudicated through the District Court, revenues from these citations may accrue to TTF, MDTA's nonbudgeted fund, directly to the local jurisdictions, and/or the general fund as they are collected.

However, the amount of citation revenues that may be received cannot be determined without actual experience under the bill. MVA advises that it has no information on the amount of outstanding citation revenues owed to the State from out-of-state vehicles, nor the number of Maryland vehicles that owe fines to other states. Additionally, as the use of reciprocal agreements for automated traffic enforcement systems between states and jurisdictions is a relatively new concept, there is little information available from other jurisdictions to estimate the collection rate that MVA may experience under the bill.

Exhibit 1 illustrates the likely and readily quantifiable special fund revenue impacts under the bill over the five-year period from fiscal 2027 through 2031. It reflects *only* the group of vehicle owners assumed to be initially targeted (the first cohort) and quickly come into compliance with Maryland registration requirements.

Exhibit 1
Illustrative Readily Quantifiable Revenue Impacts from Targeting Vehicles Registered in Virginia
Fiscal 2027-2031

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Associated with Registration					
Transportation Trust Fund					
Annual Registration Fee	$4,103,558	$4,103,558	$4,103,558	$4,103,558	$4,103,558
Titling Fee (one-time)	7,755,000	-	-	-	-
Flag Fee (one-time)	581,625	-	-	-	-
Other Special Funds					
EMS Annual Surcharge					
to MEMSOF	$949,988	$949,988	$949,988	$949,988	$949,988
to MTPSF	252,038	252,038	252,038	252,038	252,038
to Shock Trauma	348,975	348,975	348,975	348,975	348,975
Other Related Requirements					
Transportation Trust Fund					
VEIP (biennial)	$465,300	$465,300	$465,300	$465,300	$465,300
Nonresident Permit Fee	104,679	104,679	104,679	104,679	104,679
Civil Fines (one-time)	814,275	-	-	-	-
Transportation Trust Fund	***$13,824,437***	***$4,673,537***	***$4,673,537***	***$4,673,537***	***$4,673,537***
Other Special Funds	***$1,551,000***	***$1,551,000***	***$1,551,000***	***$1,551,000***	***$1,551,000***
Total Quantified Impact	**$15,375,437**	**$6,224,537**	**$6,224,537**	**$6,224,537**	**$6,224,537**

EMS: Emergency Medical Services
MEMSOF: Maryland Emergency Medical System Operations Fund (as much as $24.50 of the $40.00 surcharge)
MTPSF: Maryland Trauma Physician Services Fund ($6.50 of the $40.00 surcharge)
Shock Trauma: R Adams Cowley Shock Trauma Center (at least $9.00 of the $40.00 surcharge)
VEIP: Vehicle Emissions Inspection Program

Notes: This illustrative example is based on (1) targeting of 77,550 vehicles in Maryland with Virginia registration plates, with expeditious implementation of the bill; (2) 38,775 of them becoming registered in Maryland in the first year of implementation (fiscal 2027) and paying other fees/surcharges associated with registration; (3) 31,020 of those registered vehicles being subject to VEIP (with 15,510 tested each year as the testing is done on a biennial basis and one-half are assumed to carry forward their testing from Virginia on a reciprocal basis); and (4) another 3,877 instead being eligible for nonresident permits on an ongoing basis. From among the group of 77,550 vehicles, 7,755 owners are assumed to pay, on average, 15 days of civil fines at $7.00 a day.

Source: Maryland Department of Transportation; Department of Legislative Services

- ***Annual Vehicle Registration*** – In fiscal 2027, 38,775 of the 77,550 vehicles (50%) comply with Maryland registration requirements and choose to annually renew their registration. The annual vehicle registration fee varies by class and weight.
    - A certificate of title for each vehicle must be issued by MVA when coming into compliance with Maryland registration requirements. The one-time titling fee is $200.00 (other costs associated with titling are not as readily quantifiable and have not been accounted for).
    - According to MVA, the average annual registration fee for Class A and Class M vehicles is $105.83.
    - Additionally, each vehicle registration incurs a $40.00 surcharge, which is distributed to the Maryland Trauma Physician Services Fund, the R Adams Cowley Shock Trauma Center, and the Maryland Emergency Medical System Operations Fund.
    - Electric vehicles are also subject to annual surcharges at registration; any such additional surcharges have not been accounted for.
- ***Removing the Administrative Flag*** – In fiscal 2027 only, 19,388 vehicles (50% of vehicles coming into compliance with Maryland registration requirements) must pay an administrative flag fee of $30.00 before the vehicle can be registered. Flags are placed on a vehicle's account by MVA for unpaid fees or fines and must be cleared before registration (whether initial or renewal).
- ***Vehicle Emissions Inspection Program (VEIP)*** – Beginning in fiscal 2027, 15,510 of the newly registered vehicles are subject to testing each year (which is biennial). This assumes that a total of 31,020 vehicles (80% of vehicles coming into compliance with Maryland registration requirements) are subject to VEIP. Further, it assumes that one-half of those vehicles (15,510) had a similar VEIP test in Virginia and are exempt from the Maryland VEIP requirements in the first year under reciprocity provisions. The VEIP test fee is $30.00.
- ***Nonresident Permits*** – In fiscal 2027, 3,877 vehicles (5% of all targeted vehicles) qualify for a nonresident permit and a similar number renew each year. The annual fee for a nonresident permit is $27.00.
- ***Civil Fines*** – In fiscal 2027 only, 7,755 vehicles (10% of the vehicles with Virginia tags) incur a civil fine of $7.00 per day for an average of 15 days.

Other Assumptions

As noted above, this estimate assumes the total number of vehicle registrations coming into compliance under the bill (38,775 vehicles) in fiscal 2027 remains constant in the out-years. To the extent fewer vehicles come into compliance, revenues are lower. Conversely, to the extent the number of vehicle registrations increases beyond that accounted for in this analysis, special fund revenues increase further. MVA advises that out-of-state improper registrations in states other than Virginia are likely.

The special fund revenue estimates in this analysis reflect only the initial targeted cohort of vehicle owners who are residents of Maryland maintaining a registration in Virginia. In the out-years, MVA is likely to target registrations from other states. The same categories of revenues are expected to be realized for each such targeted group (or cohort) coming into compliance and result in a compounding effect on revenues.

The Department of Legislative Services (DLS) notes that the revenues and expenditures referred to above do not account for (1) special fund revenues for excise taxes, the annual surcharge for electric vehicles, and compliance by vehicle owners who are Maryland residents maintaining a registration in a state other than Virginia; (2) other likely effects outside of vehicle registration, including issuance of additional Maryland driver's licenses; and (3) any quantification of local highway user revenue impacts.

DLS also notes that the bill includes a provision temporarily exempting certain vehicles from the titling tax (specifically those that were previously registered in Maryland). As the exemption only applies for three months after the bill takes effect, it may encourage more timely compliance by owners of the first group of targeted vehicles. While the exact number of vehicles that may qualify for this exemption is unknown, MVA advises that approximately 28,000 of the vehicles now registered in Virginia were previously registered in Maryland. Additionally, although the bill exempts certain trailers, semitrailers, and pole trailers from Maryland registration requirements, the exemption only applies if a *valid* registration is displayed from another jurisdiction. The number of trailers, semitrailers, and pole trailers this provision may apply to is unknown but may offset a portion of the other registration fee revenues discussed above.

Local Fiscal Effect: Local governments may benefit from additional local highway user revenues (because a portion of MVA vehicle registration fees is shared with local governments through the Gasoline and Motor Vehicle Revenue Account) and the payment of past-due local automated enforcement citations (required before a vehicle may be registered in the State). For example, Baltimore City advises that 63% of such citations issued to vehicles with Virgina tags in 2025 are still outstanding; the percentage for unpaid 2024 citations is even higher, at 82%.

Based on responses from a limited number of counties, the number of civil actions *in rem* is expected to be nominal. However, expenditures may increase negligibly to the extent a county attorney initiates a civil action *in rem* (against the vehicle) for a vehicle owner who has not come into compliance with Maryland registration requirements as specified in the bill. Costs for immobilization of the vehicle by towing or removal and impoundment, or booting are assumed to be paid by the vehicle owner.

Additionally, local jurisdictions must typically use any revenues they receive from speed camera programs for specified purposes (generally related to public safety). Thus, local

expenditures increase to the extent that the bill results in the collection of unpaid speed camera citations under reciprocal agreements, as those revenues are used for required purposes.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 219 of 2025.

Designated Cross File: HB 212 (Delegate Addison, *et al.*) - Environment and Transportation.

Information Source(s): Maryland Department of Transportation; Judiciary (Administrative Office of the Courts); Department of State Police; Baltimore and Prince George's counties; Baltimore City; Department of Legislative Services

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