

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1447 (Delegate Fair)
Environment and Transportation

Motor Vehicle Administration - Improper Registration - Investigation and Penalties

This bill requires the Motor Vehicle Administration (MVA) to establish and implement a system to collect information to determine the address to which a contract for the required security under Title 17, Subtitle 1 of the Transportation Article (*i.e.* insurance requirements) is connected. If the information indicates that the owner of a vehicle is a resident of the State and the vehicle is registered in another state, MVA may conduct an investigation to ensure compliance with vehicle registration requirements. If MVA determines after conducting the investigation that the owner of the vehicle is a resident of Maryland and has failed to properly register the vehicle, MVA (1) must provide notice of noncompliance to the owner of the vehicle and (2) may assess the owner of the vehicle with a penalty of \$150. If, within 60 days after receipt of the initial notice, the owner has failed to properly register the vehicle, MVA may, in addition to any other applicable penalty, assess the owner of the vehicle with a penalty of \$500. Penalties must be deposited into the Transportation Trust Fund (TTF). MVA may enter into contracts with private parties to procure the services of independent agents to assist in carrying out the bill's requirements.

Fiscal Summary

State Effect: TTF revenues increase significantly beginning in FY 2027, potentially by over \$10.0 million in FY 2027, as discussed below. TTF expenditures are not anticipated to be materially affected, as discussed below.

Local Effect: Local government revenues increase from additional local highway user revenues, as discussed below. Expenditures are not directly affected.

Small Business Effect: Minimal.

Analysis

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.

Required Security

The owner of a private passenger motor vehicle that is required to be registered in the State must maintain insurance for the vehicle during the registration period. The security required must provide for at least the payment of claims:

- for bodily injury or death arising from an accident of up to \$30,000 for any one person and up to \$60,000 for any two or more persons;
- for property of others damaged or destroyed in an accident of up to \$15,000;
- unless waived or exempt, for personal injury protection of \$2,500 per person; and
- for uninsured motorist coverage or enhanced underinsured motorist coverage (unless waived, the amount equals the amount of liability coverage provided under the policy; if waived, the amount equals the minimum required insurance for liability coverage).

State Revenues: TTF revenues increase significantly in fiscal 2027, potentially by more than \$10.0 million, as MVA assesses the noncompliance penalties authorized by the bill on improperly registered vehicles. Specifically, MVA advises that initial enforcement actions are expected to be targeted at the approximately 77,550 vehicles identified as being, often improperly, registered in Virginia. Assuming each vehicle owner is assessed the initial \$150 noncompliance penalty, TTF revenues increase by as much \$11.6 million in fiscal 2027; however, the total revenues realized depend on MVA's collection rate for the assessment.

TTF revenues further increase, likely significantly and beginning in fiscal 2027, (1) depending on how many vehicles are ultimately assessed the \$500 penalty for failing to comply within 60 days, depending on MVA's collection rate for the assessment; (2) as MVA investigates and assesses penalties on vehicles improperly registered in states other than Virginia; and (3) from ongoing titling, registration, and other related fees as additional motor vehicles become properly registered in the State instead of improperly registered in other states. However, any such impact cannot be reliably estimated without actual experience under the bill.

State Expenditures: MVA notes there is no system currently in place to share the required information regarding an insured person with a vehicle registered out of state. Development of this system likely requires partnership with a third-party vendor; however, MVA advises this can likely be done with existing resources.

Local Revenues: As additional vehicles are registered in the State, local governments benefit from additional highway user revenues (because a portion of MVA vehicle registration fees is shared with local governments through the Gasoline and Motor Vehicle Revenue Account). However, any such impact cannot be reliably estimated without actual experience under the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

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