

Chapter 549

**(House Bill 368)**

AN ACT concerning

**Vehicle Laws – Penalties for Lapse of Security – ~~Transferred Certificate of Title~~  
~~(Motor Vehicle Registration Clarification Act)~~ Grace Period**

FOR the purpose of prohibiting the Motor Vehicle Administration from assessing a penalty for a vehicle whose required security has terminated or lapsed ~~if the vehicle's certificate of title has been transferred to a new owner and~~, under certain circumstances, if the vehicle's registration plates are returned to the Administration within a certain number of days after the termination or lapse; and generally relating to the termination or lapse of the required security for a vehicle.

BY repealing and reenacting, with amendments,  
Article – Transportation  
Section 17–106(e)(1) and (5)  
Annotated Code of Maryland  
(2020 Replacement Volume and 2021 Supplement)

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

**Article – Transportation**

17–106.

(e) (1) (i) **1. [In] EXCEPT AS PROVIDED IN ~~SUBPARAGRAPH (IV)~~ 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 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 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 for each violation in a 12-month period.

**(IV) ~~1.~~ THE ADMINISTRATION MAY NOT ASSESS A PENALTY UNDER THIS SUBSECTION IF ~~THE CERTIFICATE OF TITLE FOR THE VEHICLE HAS BEEN TRANSFERRED TO A NEW OWNER AND THE:~~**

**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.**

**~~2.~~ (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.**

(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) [Regardless] **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.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2022.

**Enacted under Article II, § 17(c) of the Maryland Constitution, May 29, 2022.**