

**Testimony to the Senate Budget & Taxation Committee**  
**SB59: Maryland Transportation Authority - Options for the Payment of Tolls and Civil Penalties**  
**Position: Favorable with Amendment**

January 25, 2022

Senator Guy Guzzone, Chair  
Senate Budget & Taxation Committee  
3 West Miller Senate Office Building  
Annapolis, Maryland 21401

Cc: Members, Senate Budget & Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

We are writing today in support of SB59.

In 2018, MCRC released a research report, *No Exit: How Maryland's Debt Collection Practices Deepen Poverty & Widen the Racial Wealth Gap*, which details the fines and fees that derail the efforts of low-income Marylanders to gain a stronger economic foothold and achieve financial stability.<sup>1</sup> Our report found that in recent years as electronic-tolling has grown in popularity, state-owed debt related to electronic-tolls and their associated civil penalties has grown exponentially.

Our research found that these tolls fell disproportionately on unbanked and underbanked Maryland drivers and that the toll amount resulted in severe economic hardship for many individuals. Several individuals declared bankruptcy due to the cost of mounting tolls.

Today, many Maryland families are suffering with the twin crises of the pandemic and economic recession. Many households are financially fragile at this time and are struggling to keep their homes, keep food on the table, and pay medical bills. Video toll costs penalize the poor and exacerbate a vicious cycle of poverty.

SB59 would establish a payment plan option for drivers struggling to pay off their tolls and fines. For low-income Marylanders, paying a bill or debt as a single large sum is cataclysmic for their financial well-being and often impossible. This bill adds a provision that would allow drivers to set up a formal payment plan to repay 10% of their total debt monthly.

MCRC's Securing Older Adult Resources (SOAR) Program works to improve the financial well-being of older adults through research, community outreach programs, and direct service benefits including financial coaching and counseling. The majority of clients that we see are older, African-American women, often widowed, who live on fixed incomes. Living on a fixed income requires good financial planning. Our "Money Smarts for Adults" training encourages our clients to create a monthly spending

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and payment plan.<sup>2</sup> These plans help our clients better manage their money. While you cannot budget your way out of a low-income, you can, with the right tools, manage your cash flow. Adding a monthly payment plan to repay MDTA debts would allow low-income drivers to make regular, more affordable payments rather than paying in a lump sum.

Furthermore, Michelle Dun, an award winning author and columnist who has been called the nation's authority on collecting money, can be quoted from her article "Give Your Customers Payment Options: When someone is past due, being flexible is the best way to get what you're owed" saying, "It's just good business to offer your customers options for making payments. These options can include payment plans, using credit or debit card, online payments, checks, cash..."<sup>3</sup> Payment plans are best practice and help encourage repayment.

While this bill makes tremendous progress in assisting consumers pay their debts, 10% monthly payments on large outstanding debts can still be difficult for low-income drivers to pay. MCRC would like to propose that:

- A 5% installment option is made available to drivers who meet or are below 200% of the Federal Poverty Guidelines.

We believe this would support the goal of the bill to assist consumers in repaying their outstanding MDTA tolls and fines. With the presently proposed 10% repayments, a consumer who owes over \$500 would be landed with a monthly payment of \$50 or more. MCRC clients who work with us on financial counseling or tenant advocacy have a median income of \$20,000; for these individuals, a bill - whether it is \$50 or \$500 - is unaffordable and has a negative impact on their financial well-being.

For all these reasons, we support SB59, recommend the proposed amendment, and urge a favorable report.

Sincerely,

Isadora Stern  
Policy Associate

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<sup>3</sup> <https://www.entrepreneur.com/article/204932>