



Testimony to the House Environment & Transportation Committee
HB367: Vehicle Laws-Stop Sign Monitoring Systems-Authorization
Position: Favorable

February 26, 2023

The Honorable Kumar P. Barve, Chair
Environment and Transportation Committee
Room 251, HOB
Annapolis, MD 21401
cc: Members, Environment and Transportation Committee

Honorable Chair Barve and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

We are writing today in support of HB367.

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. Our report looks at the current debt collection processes in Maryland and provides a series of recommendations to ensure that financially fragile households have the opportunity to repay their debts in a sustainable and affordable manner.

Our report documents numerous instances when an individual falls into a vicious cycle of debt due to fines or fees that are unaffordable for low-income households. The majority of the clients that MCRC sees in our financial coaching and counseling program earn less than \$20,000 a year. For these clients, a \$1000 fine is 5% of their annual income.

As poverty increases across Maryland, the United Way's ALICE (Asset Limited, Income Constrained, Employed) report found that poverty increased 22% between 2005-2016. A 2020 report from the Urban Institute found that as the cost-of-living has skyrocketed and consumer debt has soared, one in three

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Maryland residents have a debt in collection, with 40% of those debts found in communities of color.

One of the recommendations in our report, *No Exit*, was to establish a day fines, or proportional fine, pilot program. HB367 establishes a proportional, income-based, fee schedule for violations. Wealthier individuals will pay a higher fine while low-income individuals will pay a smaller fine.

Income-based fines provide a relative equal burden of punishment on all offenders, regardless of their wealth (or lack thereof). If a fine is supposed to be a deterrent, to prevent future violations, then it must be consequential. For wealthy violators, a fine may be inconsequential and may do little to prevent future transgressions, while conversely, the same fee may lead to a financial catastrophe for a low-income person. Income-based fines create 'fine equity' and by establishing fairer fines, may prevent the wealthy from 'buying' the right to transgress.

Earlier experiments of income-based fines in the United States (Staten Island; Polk County, IA; Maricopa county, AZ; and Milwaukee, WI) saw both the average amount of fines collected and rate of payment increase. In HB 367, revenue beyond the cost of administering the program will be invested in pedestrian safety, likely leading to greater pedestrian safety.

For all these reasons, we support HB367 and urge a favorable report.

Best,

Marceline White
Executive Director

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