

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 492 (Delegate Ali, *et al.*)
 Environment and Transportation

Vehicle Laws - Civil Violations - Administrative Penalties

This bill prohibits Baltimore City from impounding or immobilizing a vehicle unless (1) the vehicle has three or more unpaid citations for which the payment is late (and no election to stand trial has been made) *and* (2) the payment for the third citation is 120 days or more overdue. The bill authorizes a vehicle owner with three or more unpaid and overdue citations to enter into a payment plan with Baltimore City to satisfy the charges. In addition, the bill requires the Motor Vehicle Administration (MVA) to set a restoration fee of \$10 for an owner of a vehicle whose registration is denied or suspended as a result of a parking violation.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease by approximately \$6.2 million in FY 2019 and by \$8.2 million annually beginning in FY 2020. Expenditures are likely not materially affected.

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SF Revenue	(\$6.2)	(\$8.2)	(\$8.2)	(\$8.2)	(\$8.2)
Expenditure	0	0	0	0	0
Net Effect	(\$6.2)	(\$8.2)	(\$8.2)	(\$8.2)	(\$8.2)

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

Local Effect: Receipt of Baltimore City fine revenues is delayed under the bill, and amounts received may be reduced beginning in FY 2019. Expenditures also increase, likely significantly, beginning in FY 2019 in order to administer the payment plan established by the bill. The bill is not anticipated to materially affect other local governments. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Bill Summary: If a registered owner enters into a payment plan authorized by the bill, Baltimore City is prohibited from notifying MVA that the parking citations are unsatisfied for the purposes of registration suspension, refusal to register, or refusal to transfer the registration. (If the city has already notified MVA of the unsatisfied citations, it must notify MVA that the charges have been satisfied.)

If the owner fails to make timely payments under the payment plan, Baltimore City must then notify MVA that the payment plan has not been satisfied and MVA must suspend the registration and refuse to register or transfer the vehicle in accordance with State law.

Current Law/Background:

Parking Ordinances and Regulations

Generally, any political subdivision of the State may adopt ordinances or regulations that (1) regulate the parking of vehicles; (2) authorize the impounding of vehicles parked in violation of the ordinances or regulations; (3) regulate the towing of vehicles from publicly owned and privately owned parking lots; and (4) authorize the issuance of a citation by an officer for a violation of an ordinance or regulation adopted regulation.

The person receiving a citation must either (1) pay for the parking violation directly to the political subdivision (or State agency) serving the citation or (2) elect to stand trial for the violation.

MVA is prohibited from registering (or transferring the registration of) any vehicle involved in a local parking violation if it is notified by a political subdivision that the person cited has failed to either (1) pay the fine by the due date or (2) file a notice of intention to stand trial. MVA is also authorized to suspend the registration of a vehicle involved in a local parking violation if notified that the violator is a chronic offender.

The suspension must remain in effect until (1) the political subdivision notifies MVA that the charge has been satisfied or (2) the District Court notifies MVA that the person cited has appeared for trial or has pleaded guilty and paid the fine.

In addition to any other required fees or penalties, an owner of a vehicle must pay an administrative (“flag”) fee established by MVA before renewal of the vehicle registration.

Flag Fees (Generally)

According to MVA, it may place a flag on a vehicle's record upon the request of an authorized flagging entity such as a local police agency. Most flags are associated with an unresolved problem such as vehicle emissions failure; insurance compliance; parking ticket; or a red light, speed, or toll violation.

When a flag is placed on a vehicle's record, the owner is prevented from:

- renewing the vehicle's registration;
- transferring the vehicle's license plates to another vehicle;
- obtaining substitute license plates for the vehicle; and
- obtaining a duplicate registration card.

A few flags can cause more serious consequences, such as subjecting a vehicle's license plates to immediate retrieval by law enforcement agencies.

When a flag is placed as a result of a parking, toll, speed camera or red-light camera violation, MVA charges an administrative fee that must be paid, along with any fines associated with the original citation, before the flag can be completely resolved.

State Revenues: MVA's flag fee is set at \$30. Under the bill, the fee is required to be set at \$10. In fiscal 2017, MVA advises that the number of administrative flag fees assessed was 411,473 with fee revenue totaling \$12.4 million. Because the bill reduces the administrative fee by two-thirds, MVA anticipates an equivalent reduction in flag fee revenues. Taking into account the bill's October 1, 2018 effective date, TTF revenues decrease by about \$6.2 million in fiscal 2019 and by \$8.2 million annually thereafter.

This does not take into account the possibility that fewer flag fees may be assessed for vehicle owners choosing to enter into payment plans with Baltimore City. To the extent that the bill's authorization results in significant numbers of owners entering into payment plans, MVA flag fee revenues likely decrease further. However, there is not sufficient data to determine the magnitude of any such effect on TTF revenues.

Local Fiscal Effect: According to Baltimore City, the main enforcement mechanism for unpaid parking fines is the placement of a boot on a vehicle and then requiring all fines and penalties to be paid before the city's contracting company will remove the boot. Under the bill, the city's current process would need to be modified. Baltimore City advises that its contract with the booting company allows vehicle owners to pay delinquent tickets online; the vendor charges a booting fee that is added to the other parking fines and penalties. The city notes that if boots are allowed to be removed with no immediate payment due, the

contract could be voided. As a result, individuals who wish to pay delinquent fines and penalties would need to pay in person, which could increase personnel and administrative costs for the city. The additional expenditures under the bill are expected to be significant, although the city is unable to develop an exact estimate at this time.

In addition, the bill results in a significant effect on the timing, and potentially the amount, of fine revenues collected. The city notes that, in fiscal 2017, an estimated 5,762 vehicle owners paid the full amount in penalties and fines in order to have a boot removed from their vehicles. The average parking fine amount is \$44 per ticket, and the average amount in penalties is \$16 per ticket. Thus, a typical vehicle owner who has three delinquent citations owes \$180 in penalties and fines. In fiscal 2017, the city estimates that it received about \$1.0 million in revenue from the booting program. (This estimate does not take into account amounts paid out for towing fees and auctioned vehicles that do not pay to have the boot removed.)

Additional Information

Prior Introductions: None.

Cross File: None.

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

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