

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 234

(The President, *et al.*) (By Request - Office of the
 Attorney General)

Judicial Proceedings

Judiciary

**Vehicle Laws - Suspension of Driver's License or Registration - Unpaid Citations
 or Judgments**

This bill restricts the ability of the Motor Vehicle Administration (MVA) to suspend a driver’s license for nonpayment of a traffic citation or judgment (including nonpayment of an installment plan agreement made with the District Court or a circuit court). Instead, the court may refer the amount of the unpaid outstanding fine to the Central Collection Unit (CCU) to pursue payment. The fine threshold an individual must meet to enter into an installment plan is reduced (from \$300 to \$150), and payment under such a plan may be made over any time period, rather than over 10 months. The bill retroactively applies to any driver’s license or driving privilege actively suspended under a provision affected by it; thus, MVA must withdraw those suspensions. The bill makes numerous conforming changes, including codifying the required contents of traffic citations. The Department of Legislative Services (DLS) must conduct a study related to installment plans.

Fiscal Summary

State Effect: General fund and Transportation Trust Fund expenditures increase by approximately \$1.5 million and \$172,800 respectively, in FY 2021. DLS can conduct the required study with existing resources. The overall effect on general fund and special revenues cannot be reliably quantified, as discussed below.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
GF/SF Revenue	(-)	(-)	(-)	(-)	(-)
GF Expenditure	\$1,486,600	\$1,686,500	\$1,725,000	\$1,784,800	\$1,846,800
SF Expenditure	\$172,800	-	-	-	-
Net Effect	(\$1,659,400)	(\$1,686,500)	(\$1,725,000)	(\$1,784,800)	(\$1,846,800)

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

Local Effect: To the extent additional installment plans are authorized, local revenues may be delayed. Expenditures are likely not materially affected.

Small Business Effect: None.

Analysis

Bill Summary/Current Law: A “judgment” is any final judgment resulting from a cause of action for damages or on an agreement of settlement for damages arising out of the ownership, maintenance, or use on any highway or other property open to the public of any vehicle required to be registered in the State.

Nonpayment of Fines and Suspension of License

Under current law, if a person fined under the Maryland Vehicle Law (or under a federal traffic law or regulation for a violation occurring in the State) does not pay a fine in accordance with the court’s directive, the court may certify the failure to pay to MVA. When MVA receives the certification, it may suspend the driving privileges or license of the person until the fine has been paid (but only after giving the person 10 days advance written notice). The bill repeals these provisions and instead specifies that, if a defendant fails to pay the fine (or enter into an installment plan agreement), the court may (1) refer the amount of the unpaid outstanding fine to CCU or (2) process the unpaid outstanding fine as it would other outstanding fines owed to the court. The clerk of the court must provide notice to the defendant of the disposition of the unpaid outstanding fine in the same manner required for other outstanding fines processed in the same manner.

Installment Plan Agreements

Under current law, the District Court or a circuit court may authorize an individual installment plan agreement for a defendant whose driver’s license or driving privilege may be (or is) suspended for failure to pay a fine for one or more traffic offenses, including one or more citations for a violation of specified parking ordinances. A defendant who is sentenced to pay one or more fines that total at least \$300 and certifies inability to pay the fine (or fines) may apply to the clerk of the court to make installment payments.

The bill expands the current authorization to apply to *any* defendant who has failed to pay a fine for one or more traffic offenses; further, it reduces, from \$300 to \$150, the amount of fines required to enter into an installment plan. However, the defendant must still certify inability to pay the fines. The bill clarifies that the District Court (or a circuit court) may authorize an installment plan agreement for (1) the payment of one or more citations for a specified payable violation issued pursuant to State law or (2) one or more fines imposed at a hearing or trial by the court. In addition, the bill specifies that a defendant who agrees to enter into an installment plan agreement consents to conviction at the time of the agreement.

Under current law, an installment plan agreement must, among other things, require that the defendant make installment payments of 10% per month on the total amount of the fine (or fines) covered by the agreement. The bill repeals the 10% threshold requirement and, as a result, allows installment payments to be set at any portion of the fine (or fines) and to be paid over any time period.

Additionally, under the bill, if a defendant fails to pay a fine in accordance with an installment plan agreement, the clerk of the court may (1) refer the amount of the unpaid outstanding fine to CCU or (2) process the unpaid outstanding fine as it would other outstanding fines owed to the court. The clerk of the court must provide notice to the defendant of the disposition of the unpaid outstanding fine in the same manner required for other outstanding fines processed in the same manner.

Suspension of License and Registration upon Nonpayment of Judgment

Under current law, except as otherwise specified, MVA is required to suspend (1) the license to drive of a judgment debtor and (2) the registration of all vehicles owned by the judgment debtor upon receipt of a certified copy of a judgment and a certificate of facts. The bill repeals this requirement.

In addition, the bill repeals two exceptions that prohibit MVA from suspending a license or registration for (1) judgments related to accidents caused by specified governmental vehicles and (2) judgments that an insurer was obligated to pay.

Under current law, a license or registration suspended under Title 17, Subtitle 2 of the Transportation Article must remain suspended and may not be renewed or reissued (and a new or original license or registration may not be issued) to the judgment debtor until the judgment is (1) stayed; (2) satisfied; or (3) subject to a specified exception. The bill repeals these provisions.

Installment Payment of Judgment

Under current law, on due notice to the judgment creditor, a judgment debtor may apply to the court that rendered the judgment for the privilege of paying the judgment in installments. In its discretion, the court may order payment of the judgment in installments and may set (and modify from time to time) the amounts and times of the installment payments. The bill specifies that a judgment debtor may continue to make payments under an installment plan as long as the installment payments are not in default.

Issuance and Contents of Traffic Citations

The bill modifies the required contents of a traffic citation. Each traffic citation must now include a notice in boldface type that, if the citation is a payable violation, the person may enter into an installment plan agreement pursuant to § 7-504.1 of the Courts and Judicial Proceedings Article. (This requirement also applies to a citation marked “you have the right to stand trial.”)

Compliance with Traffic Citations and Powers of the Court on Noncompliance

Under current law, if a person fails to comply with a notice in a traffic citation, the District Court or a circuit court may (1) issue a warrant for the person’s arrest (except as specified) or (2) after five days, notify MVA of the person’s noncompliance. The bill clarifies that a person may comply with the notice to appear by entering into an installment plan agreement.

Under the bill, and pursuant to current law, on receipt of a notice of noncompliance from the District Court (or a circuit court), MVA must notify the person that the person’s driving privileges must be suspended unless, within 15 days of the mailing date, the person (1) pays the fine on the original charge or (2) requests a new date for a trial or a hearing on sentencing and disposition (the bill repeals a requirement that the individual must post bond or a penalty deposit). In addition, the bill authorizes a person to achieve compliance by entering into an installment plan agreement (pursuant to § 7-504.1 of the Courts and Judicial Proceedings Article, if applicable). Again, this must be done within 15 days of the mailing date.

Under the bill, if the person subsequently fails to pay the fine, enter into an installment plan agreement, or request a new date for a trial or hearing, MVA may then suspend the driving privileges of the person.

On notice from the District Court (or a circuit court) that a person has paid the fine, entered into an installment plan agreement, or requested a new date for a trial or hearing, MVA must withdraw the suspension of the driver’s license or driving privileges of the person. However, on notice from the court that a person who requested a new date for a trial or a hearing failed to attend the new trial or hearing, MVA must suspend the driver’s license or driving privileges of the person until the person complies, as specified.

DLS Reporting Requirement

The bill requires DLS to study the feasibility of (1) eliminating the minimum amount of outstanding fines required to enter into an installment plan and (2) additional statutory changes to ensure that debts accrued through the criminal justice system do not result in

the loss of driving privileges. DLS must report its findings to the General Assembly by December 31, 2020.

Background: Appendix – Traffic Fines presents various information on District Court traffic fines, including deferments, installment plans, and revenues.

State Fiscal Effect: The bill is expected to have a significant operational and fiscal impact on the Judiciary beginning in fiscal 2021 and a lesser one-time impact on MVA.

Judiciary

The Judiciary advises that an increase in installment plan requests is expected due to the new notice required on traffic citations under the bill. Additionally, the lower fine threshold (\$150 rather than \$300) required to enter into an installment plan is likely to significantly increase the number of individuals requesting an installment plan. These agreements are handled manually.

As a result, the Judiciary advises that additional personnel are necessary (two clerks in each district and two at the Traffic Processing Center). Accordingly, general fund expenditures increase by \$1.5 million in fiscal 2021, which reflects the cost to hire 26 clerks (along with one-time reprogramming changes). This estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	26
Salaries and Fringe Benefits	\$1,297,002
One-time Judicial Information Systems Reprogramming	50,120
Operating Expenses (including One-time Equipment)	<u>139,523</u>
Total FY 2021 General Fund Expenditures	\$1,486,645

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

Motor Vehicle Administration

MVA advises that about 166,100 suspended licenses are affected by the bill. Once the bill takes effect, those licensees must be notified. MVA anticipates one-time costs totaling \$172,770 for this purpose (*i.e.*, about \$1.04 per notification) in fiscal 2021. Reprogramming changes that are necessary as a result of the bill can be handled with existing budgeted resources.

Other Effects on State Revenues and Expenditures

The bill affects State expenditures and revenues in several other ways. Under current law, traffic fines are generally credited to the general fund. Under the bill, however, outstanding fines may be referred to CCU for collection. CCU recovers its operating expenses by assessing and collecting a 17% fee in addition to and for the debts that it is assigned. Therefore, to the extent special fund expenditures increase for CCU to send notices and work to collect the additional debt, special fund revenues increase correspondingly as the debt is collected; however, the magnitude of any such impact cannot be reliably estimated at this time. Furthermore, any special fund balance for CCU in excess of 15% of the unit's actual operating expenses reverts to the general fund. Therefore, general fund revenues may increase as additional debt is collected; however, the magnitude of any such impact cannot be reliably estimated at this time.

To the extent that the bill results in longer installment plan periods, revenues may be delayed relative to current law.

Finally, multiple special funds receive disbursements from traffic fines and court costs. Revenues for those funds decrease under the bill (with a likely commensurate decrease in expenditures). That impact also cannot be quantified.

Local Revenues: The number of additional installment plan agreements that may be entered into under the bill is not known. However, if a significant influx of requests occurs as a result of the bill, local revenues may be delayed (especially given the longer payment periods and lower payment plan threshold authorized by the bill). Local revenues may also be foregone entirely if the removal of existing enforcement mechanisms incentivizes nonpayment of fines.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 280 (The Speaker, *et al.*) (By Request - Office of the Attorney General) - Judiciary.

Information Source(s): Office of the Attorney General; Judiciary (Administrative Office of the Courts); Department of State Police; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History:
rh/ljm

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Appendix – Traffic Fines

Exhibit 1
District Court Traffic Citations
Deferred Payments Granted at the Time of Trial, by County
Fiscal 2019

Allegany	347
Anne Arundel	2,532
Baltimore City	2,407
Baltimore	436
Calvert	870
Caroline	530
Carroll	760
Cecil	1,289
Charles	897
Dorchester	750
Frederick	901
Garrett	94
Harford	867
Howard	1,059
Kent	139
Montgomery	2,809
Prince George's	1,729
Queen Anne's	204
Somerset	802
St. Mary's	762
Talbot	538
Washington	323
Wicomico	1,214
Worcester	1,318
Total Deferments	23,577

Source: Judiciary (Administrative Office of the Courts); Department of Legislative Services

Exhibit 2
District Court Traffic Citations Installment Payment Plan Data
October 1, 2018 to December 31, 2019

<u>Month</u>	<u>Number of Plans</u>	<u>Number in Default</u>	<u>Default Rate</u>
October 2018	93	24	26%
November 2018	135	67	50%
December 2018	132	80	61%
January 2019	165	98	59%
February 2019	142	81	57%
March 2019	215	75	35%
April 2019	193	128	66%
May 2019	165	129	78%
June 2019	161	125	78%
Total for Three-quarters of FY 2019	1,401	807	57%
July 2019*	212	142	67%
August 2019	184	129	70%
September 2019	192	134	70%
October 2019	203	200	99%
November 2019	191	157	82%
December 2019	189	152	80%
Total for One-half of FY 2020	1,171	914	78%

*In an effort to reduce default rates, the due date for an initial payment was changed from 10 days to 30 days on July 1, 2019. At the same time, administrative changes were made such that a second request for a payment plan after default of the original payment plan for the same citation requires a judge's approval.

Note: Chapter 792 of 2018, which took effect on October 1, 2018, created the option for installment plan agreements.

Source: Judiciary (Administrative Office of the Courts); Department of Legislative Services

Exhibit 3
District Court Statistics for Payable Citations
Fiscal 2018-2019

	<u>FY 2018</u>	<u>FY 2019</u>
Number of citations received	781,597	782,067
Numbers of defendants with citations totaling \$150 or more	42,361	47,088
Paid (before trial)	272,414	315,535
Hearing or trial requested	166,994	159,893
Failed to comply	123,628	127,392
Suspension notifications sent to MVA due to failure to pay	55,275	52,198
Number who failed to appear	32,394	50,590
Outstanding Fine Amounts	\$4,514,010	\$6,904,170

MVA: Motor Vehicle Administration

Source: Judiciary (Administrative Office of the Courts); Department of Legislative Services

Exhibit 4
Traffic Fine Revenues and Court-related Fee Revenues
Fiscal 2019

	<u>Traffic Fines</u>	<u>Court Costs</u>
Allegany	\$158,122	\$47,585
Anne Arundel	1,719,551	493,538
Baltimore City	1,315,746	351,492
Baltimore	2,083,619	596,684
Calvert	278,658	92,030
Caroline	192,268	55,460
Carroll	558,360	150,472
Cecil	531,368	126,989
Charles	759,819	182,806
Dorchester	238,092	45,795
Frederick	524,138	156,253
Garrett	81,898	16,150
Harford	708,565	186,329
Howard	953,157	191,234
Kent	101,171	22,613
Montgomery	2,148,210	501,792
Prince George's	2,306,625	581,532
Queen Anne's	245,324	61,103
St. Mary's	258,270	87,725
Somerset	184,018	49,192
Talbot	261,401	72,122
Washington	318,150	100,296
Wicomico	640,326	148,643
Worcester	582,980	101,278
Traffic Processing Center (Statewide)	20,531,738	7,683,050
Total	\$37,681,573	\$12,102,164

Source: Judiciary (Administrative Office of the Courts); Department of Legislative Services
