

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 912 (Delegate Lisanti)
Environment and Transportation

Maryland Transportation Authority – Video Tolls – Collection

This emergency bill extends by three years (from May 31, 2021, to May 31, 2024) the termination date of Chapter 547 of 2018, which (1) expressly authorizes the Maryland Transportation Authority (MDTA) to recall a delinquent account from the Central Collection Unit (CCU) if specified conditions are met and (2) prohibits CCU from collecting any debt that is recalled by MDTA.

Fiscal Summary

State Effect: The effects on nonbudgeted revenues, special fund revenues and expenditures, and general fund revenues continue through most of FY 2024 due to the extension of the termination date, as discussed below.

Local Effect: The bill does not materially affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law:

Toll Violations and Chapter 547 of 2018

A motor vehicle incurs a video toll when the vehicle passes through an MDTA toll facility (such as the Chesapeake Bay Bridge or Intercounty Connector) but does not pay the toll using cash or an E-ZPass. MDTA is required to send the registered owner of a motor vehicle that has incurred a video toll a notice of toll due. The owner then has 30 days to pay the toll amount. An owner who fails to pay the amount due is subject to a civil citation and civil penalty. The civil penalty amount is set by regulation and is currently \$25. (MDTA reduced the civil penalty amount from \$50 to \$25 effective July 1, 2020.)

A person who receives an MDTA citation for failure to pay a toll (a toll violation) must either pay the toll and penalty in the allotted timeframe or elect to go to court. If a person fails to elect to stand trial or pay the prescribed video toll and civil penalty, is adjudicated to be liable after trial, or fails to appear at a trial after having elected to stand trial, MDTA may (1) collect the video toll and the civil penalty by any means of collection as provided by law and (2) notify the Motor Vehicle Administration. MDTA may waive any portion of a video toll due or civil penalty assessed for a toll violation until the debt is referred to CCU.

Chapter 547 of 2018 expressly authorizes MDTA to recall a delinquent account from CCU if (1) the account exceeds \$300 in unpaid video tolls and associated civil penalties; (2) the video tolls in question were assessed within a 30-day period; and (3) mitigating factors exist with respect to the tolls and penalties, as determined by MDTA. Prior to the enactment of Chapter 547, MDTA could only recall an account from CCU if there was an error with the toll violation that was MDTA's fault. Pursuant to current law, Chapter 547 is set to terminate May 31, 2021; the bill extends the termination date to May 31, 2024.

Department of Budget and Management – Central Collection Unit

Under current law, generally, CCU is responsible for collecting any delinquent accounts or debts owed to the State. CCU is authorized to use any actions available to it under State law to collect debts or claims. CCU is authorized to charge an administrative fee of up to 20% of the outstanding principal and interest on the debt referred to it for collection; the current fee is 17%. Debt payments are credited to the agency that refers the debt. The administrative fees are credited to the Central Collection Fund to pay for CCU's operating expenses, except that any balance in excess of 15% of the unit's actual operating expenses reverts to the general fund. CCU uses a variety of methods and resources to facilitate the collection of delinquent accounts, including automated and manual efforts, as well as a private collection agency.

State Fiscal Effect: The effects on nonbudgeted revenues, special fund revenues and expenditures, and general fund revenues that have resulted from the implementation of Chapter 547 continue through most of fiscal 2024 due to the extension of the termination date. A precise estimate of the effects of Chapter 547 – which continue under the bill – cannot be reliably estimated, as the effects depend on (1) how many future accounts involve or will involve mitigating factors that make them eligible for recall and (2) how much of the debt that is recalled and collected or waived under Chapter 547 would have been collected by CCU in the absence of the Act. However, the general effects – which continue under the bill – are summarized below.

- MDTA nonbudgeted revenues decrease to the extent that MDTA recalls and waives some or all of a customer's outstanding tolls and penalties from CCU but increase

to the extent that doing so allows the collection of toll and penalty revenues that would not have otherwise been collected. It is unclear whether the overall effect is a net increase or decrease in revenues.

- CCU special fund revenues decrease to the extent that debt is recalled by MDTA and, therefore, not collected by CCU. Special fund expenditures decrease correspondingly as CCU spends less time and fewer of its resources attempting to collect the recalled debt.
- General fund revenues also decrease (likely minimally) to the extent that debt is recalled and collected by MDTA instead of CCU, because CCU reverts a portion of the 17% fee it collects on outstanding debt back to the general fund. For the debt that is recalled and collected by MDTA, this general fund revenue is lost.

For context, MDTA advises that during the first 13 months that Chapter 547 was in effect (1 month in fiscal 2018 and all of fiscal 2019), MDTA recalled from CCU about \$6.5 million in outstanding toll violation debt. Of that total, approximately \$1.0 million was collected, approximately \$5.4 million was waived, and approximately \$90,000 is still outstanding. Data for fiscal 2020 is not instructive because MDTA temporarily stopped collections of toll violations due to the COVID-19 pandemic.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

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