

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 434 (Senator King)
Judicial Proceedings

Vehicle Laws – Failure to Pay Video Toll – Outstanding Fines

This bill reduces penalty for each outstanding civil citation for a toll violation assessed on or before July 1, 2021 to \$25. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: Maryland Transportation Authority (MDTA) nonbudgeted revenues decrease, likely significantly, as discussed below. Special fund revenues for the Central Collection Unit (CCU) decrease, likely, significantly, as discussed below; general fund revenues from reversions from CCU decrease correspondingly. Expenditures are not materially affected.

Local Effect: The bill does not directly affect local operations and finances.

Small Business Effect: Minimal.

Analysis

Current Law: 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 MVA. 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.

State Revenues:

Maryland Transportation Authority

MDTA advises that it currently has \$324 million in outstanding toll violation civil penalty debt affected by the bill (from violations prior to the recent reduction in the civil penalty), much of which is from out-of-state drivers. The bill's reduction of the civil penalty from \$50 to \$25 for each of these toll violations decreases MDTA's outstanding debt, which are potential revenues, by \$162 million.

The precise impact of the bill on MDTA's revenues cannot be reliably estimated, as it depends on various unknowable factors, including how much, if any, of the outstanding debt MDTA and CCU will be able to collect under the bill at the reduced penalty and how much, if any, of the outstanding debt could be collected absent the bill. Even so, the net effect of the bill is likely to be a significant decrease in MDTA's nonbudgeted revenues due to the magnitude of the debt that is being forgiven.

Central Collection Unit

MDTA is required to send its delinquent toll and penalty debt to CCU for collection and, therefore, CCU is likely to be referred additional debts by MDTA depending on the bill's effect on its collection rate. In addition, CCU recovers its operating expenses by assessing and collecting a 17% fee in addition to and for the debts that it is assigned. In reducing MDTA's outstanding debt by \$162 million, the revenue that CCU could collect on that debt is reduced by \$27.5 million, as well. However, for the same reasons discussed above, a precise impact of the bill on CCU's special fund revenues cannot be reliably estimated; however, due to the magnitude of the debt that is being forgiven, the net effect is likely a significant decrease in revenues.

In addition, 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 decrease correspondingly; however, the precise impact cannot be reliably estimated.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 291 (Delegate Krimm) - Environment and Transportation.

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

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