

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 513

(The Speaker, *et al.*) (By Request - Administration)

Environment and Transportation

Judicial Proceedings

Motor Vehicles - Work Zone Speed Control Systems - Revisions (Maryland Road Worker Protection Act of 2024)

This Administration bill makes changes to the State’s work zone speed control systems (work zone speed cameras) program. Specifically, the bill (1) increases civil penalties for violations captured by work zone speed cameras; (2) alters the distribution of the revenues collected from these penalties; (3) makes several clarifying, conforming, and other changes to the program; (4) expands local government authority to use work zone speed cameras; and (5) establishes a reporting requirement for the State Highway Administration (SHA). **The bill generally takes effect June 1, 2024; however, the provision establishing an even higher penalty for violations takes effect January 1, 2025.**

Fiscal Summary

State Effect: Although not shown below, special fund revenues increase in FY 2024 (by as much as \$1.4 million: almost \$1.2 million for the Transportation Trust Fund (TTF); and \$252,800 for the Department of State Police (DSP)) due to the higher civil penalty for work zone speeding violations. In FY 2025, special fund revenues increase by \$56.3 million (\$43.9 million for SHA and \$12.4 million for DSP) due to expanded enforcement and another increase in the civil penalty. Special fund expenditures increase by \$4.2 million in FY 2025, reflecting increased administrative costs. Out-years reflect full implementation and greater compliance. Remaining special fund prepaid fine revenue may be used by SHA and DSP for authorized purposes; such spending is not shown below, but the reliance on general fund expenditures for DSP may be mitigated somewhat. General fund revenues increase due to higher penalty provisions and additional contested cases in District Court.

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GF Revenue	-	-	-	-	-
SF Revenue	\$56.3	\$75.3	\$62.6	\$51.7	\$42.5
GF Expenditure	(-)	(-)	(-)	(-)	(-)
SF Expenditure	\$4.2	\$4.4	\$4.4	\$4.4	\$4.4
Net Effect	\$52.1	\$70.9	\$58.2	\$47.3	\$38.1

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

Local Effect: Likely no effect on local revenues in FY 2024. Beginning in FY 2025, local revenues increase, potentially significantly, assuming the expanded authorization to implement local work zone speed camera systems is used, as discussed below. Expenditures increase for implementation costs, which may be incurred as early as FY 2024 (if the authorization is used immediately). After cost recovery, local expenditures further increase for public safety purposes, including pedestrian *or highway* safety programs.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary:

Civil Penalties and Revenue Distribution

Effective June 1, 2024, the bill sets the civil penalty for work zone speed camera violations at \$80 (rather than a maximum \$40). However, effective January 1, 2025, the bill increases the fixed civil penalty for work zone speed camera violations to \$250.

Effective June 1, 2024, the bill alters the distribution of the revenues collected from work zone speed camera systems operated by the State so that, after the initial distribution to cover the costs of implementing and administering work zone speed control systems, only 25% of the remaining balance, instead of the entire remaining balance, is distributed to DSP for specified vehicle and equipment costs. The bill requires the other 75% of the remaining balance to be distributed to TTF for highway and work zone safety purposes and SHA system preservation instead.

The bill expands existing statutory provisions governing the collection and disposition of fines collected as a result of work zone speed monitoring systems. Specifically, from the fines collected, a political subdivision may recover the cost of implementing the systems. As under current law, any remaining balance must be solely used for public safety purposes, including pedestrian (and, under the bill, *highway*) safety programs. The expansion for use of any remaining balance by a political subdivision for highway safety purposes encompasses other types of automated enforcement used by the political subdivision.

Reporting Requirement

By December 1, 2024 (and annually thereafter), SHA must report to the Governor and the General Assembly (1) on any pilot program that SHA conducted in the previous fiscal year that tests new technologies for detecting and recording work zone speed camera violations or (2) that SHA did not conduct any such pilot program in the previous fiscal year. A report must include information on (1) how data collected from the device tested may be used for the enforcement of work zone speed camera violations and (2) any legislative or regulatory changes that would be necessary to authorize the effective use of the device.

Clarifying Changes and Additional Provisions Related to Use of Systems

The bill makes several other changes – some of which are clarifying, while others modify related requirements – to existing provisions governing the use of work zone speed cameras, including specifying that:

- a work zone speed control system may be used only if a device that displays a real-time posting of the speed at which a driver is traveling is proximate to each road sign alerting drivers that a speed monitoring system may be in operation in the work zone;
- the required minimum speed limit of 45 miles per hour for use of a work zone speed control system *must be posted as such* before the work zone system is implemented there;
- a work zone speed control system operator does not need to be present in person or remotely at the highway work zone when a work zone speed control system is in use;
- multiple work zone speed control systems may be implemented and used in a work zone;
- a work zone speed control system need not be placed only in a work zone that is on an expressway or controlled access highway as defined in the Transportation Article (which facilitates use by political subdivisions);
- in the first 30 days that a work zone speed control system is in use, warnings *or citations* may be issued – rather than only warnings; and
- if a work zone has more than one work zone speed control system in use, only one citation may be issued for the same registration plate for alleged violations that occur within a one-hour period in the work zone.

Current Law: Chapter 500 of 2009 authorized the use of work zone speed control systems in the State.

Unless the driver of a motor vehicle received a citation from a police officer at the time of the violation, the owner or driver of the vehicle is subject to a civil penalty if the vehicle is recorded speeding at least 12 miles per hour above the posted speed limit by a speed monitoring system in violation of specified speed restrictions in the Maryland Vehicle Law. The maximum fine for a citation issued by a speed monitoring system operator is \$40. However, a local law enforcement or other designated agency operating the speed monitoring system may mail a warning notice instead of a citation.

Revenue from the civil fines collected through use of work zone speed cameras must be distributed first to DSP and SHA to cover the costs of implementing and administering work zone speed cameras. Any remaining amounts must be distributed to DSP to be used only for the purchase of replacement vehicles and related motor vehicle equipment used to outfit police vehicles.

Background: The Maryland Department of Transportation (MDOT) notes that the bill is a result of recommendations made by the Governor’s Work Zone Safety Work Group in a November 2023 [report](#). The workgroup, created in response to a spike in roadway fatalities following the COVID-19 pandemic and a [March 2023 incident](#) in which six roadway workers were killed, was charged with making recommendations to enhance work zone safety and protect roadway workers and law enforcement personnel from harm.

State Revenues:

Maryland Department of Transportation and Department of State Police

MDOT advises that, in fiscal 2023, 335,888 citations were issued for work zone speed camera violations, resulting in approximately \$9.7 million in prepaid fine revenues. (Although the maximum penalty for work zone speed camera violations is \$40, the average revenue received per citation (\$28.80) is less than the maximum penalty due to various judicial factors such as reduced and absolved citations.)

Of this \$9.7 million, MDOT reports that SHA and DSP received approximately \$8.0 million to cover implementation and administrative costs (approximately \$1.24 million for DSP and \$6.74 million for SHA). The remaining \$1.7 million (and an additional \$446,990, which was a carryover from the previous fiscal year) was also distributed to DSP in fiscal 2023 for the purchase of replacement vehicles and related motor vehicle equipment used to outfit police vehicles. MDOT advises that this volume of citations and amount of prepaid fine revenue have been relatively constant in recent years; thus, for purposes of this analysis, it is assumed that the volume of citations and resultant prepaid fine revenue would continue to remain constant in future fiscal years in the absence of the bill.

Under the bill, MDOT expects the number of citations to increase significantly due to deployment of additional systems, which would not begin until fiscal 2025. Nevertheless, a higher penalty takes effect June 1, 2024 – specifically, the bill sets the civil penalty at a fixed \$80 (compared to the current requirement that a civil penalty may not *exceed* \$40) for seven months. Beginning January 1, 2025, the penalty increases again to a fixed \$250.

Exhibit 1 shows the estimated *total* volume of citations anticipated for each fiscal year and prepaid fine revenue collected from those citations under the bill. The estimate reflects the fixed civil penalty of \$80 beginning in June 2024 (fiscal 2024) and continuing through the first half of fiscal 2025, with the fixed civil penalty of \$250 in place thereafter. Accordingly, although not shown below, revenues could increase by as much as \$1.4 million in fiscal 2024 due to the requirement to issue a fixed \$80 civil penalty for one month of the year. In reality, due to the lag time between issuance of a citation and payment of the citation, the impact is likely lower in fiscal 2024. Nevertheless, citations issued at the \$80 fine rate likely would result in approximately \$1.4 million in fine revenues.

Even with more work zone speed cameras in use, MDOT assumes citations decrease by about 15% each year beginning in fiscal 2026 as drivers become more aware of both the higher penalty for a violation and the use of such cameras. DLS advises that, since the bill establishes fixed (rather than maximum) civil penalties, the bill likely has a greater deterrent effect than other types of civil penalties. Thus, to the extent the assumed gradual decrease in citations accelerates, revenues under the bill may be less significant.

Exhibit 1
Total Estimated Citations and Prepaid Fine Revenue under the Bill
Fiscal 2025-2029

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Citations	400,000	340,000	289,000	245,650	208,803
Prepaid Fine Revenue	\$66,000,000	\$85,000,000	\$72,250,000	\$61,412,500	\$52,200,750

Source: Maryland Department of Transportation; Department of Legislative Services

Exhibit 2 shows the *total* prepaid fine revenue and the related distribution anticipated for SHA and DSP under the bill, based on the assumptions discussed above for Exhibit 1.

Exhibit 2
Distribution of Total Prepaid Fine Revenue under the Bill to
The Department of State Police and State Highway Administration
Fiscal 2025-2029
(\$ in Millions)

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Total Revenue	\$66.0	\$85.0	\$72.3	\$61.4	\$52.2
Cost Recovery	\$12.2	\$12.4	\$12.4	\$12.4	\$12.4
<i>DSP</i>	1.9	1.9	1.9	1.9	1.9
<i>SHA</i>	10.3	10.5	10.5	10.5	10.5
Remainder	\$53.8	\$72.6	\$59.9	\$49.0	\$39.8
<i>DSP (25%)</i>	13.5	18.2	15.0	12.3	10.0
<i>SHA (75%)</i>	40.4	54.5	44.9	36.8	29.9
DSP Total	\$15.3	\$20.0	\$16.8	\$14.1	\$11.8
SHA Total	\$50.7	\$65.0	\$55.4	\$47.3	\$40.4

DSP: Department of State Police
SHA: State Highway Administration

Notes: Numbers may not sum to total due to rounding. Administrative and related implementation costs are assumed to increase in fiscal 2025 and remain relatively stable throughout the period covered by this fiscal and policy note.

Source: Maryland Department of Transportation; Department of Legislative Services

Exhibit 3 shows the estimated *net increase* in revenue for SHA and DSP under the bill. In addition to less revenue from prepaid fines, current law projections generally assume lower administrative costs for SHA and DSP compared to those anticipated under the bill.

Prepaid fine revenues increase by \$56.3 million in fiscal 2025. After administrative cost recovery for both DSP and SHA, under the bill, 25% of the remainder of the total prepaid fine revenue is also distributed to DSP, and SHA receives the other 75%. The additional prepaid fine revenue in fiscal 2024 is assumed to be distributed under the new formula, taking into consideration costs for the month, such that, if realized, the \$1.4 million in additional revenues would net to an increase of \$252,800 for DSP and almost \$1.2 million for SHA.

Exhibit 3
Estimated Increase in Prepaid Fine Revenue, by Distribution, under the Bill
Fiscal 2025-2029
(\$ in Millions)

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Total New Revenue	\$56.3	\$75.3	\$62.6	\$51.7	\$42.5
For Cost Recovery	\$4.2	\$4.4	\$4.4	\$4.4	\$4.4
<i>DSP</i>	0.6	0.6	0.6	0.6	0.6
<i>SHA</i>	3.6	3.8	3.8	3.8	3.8
Remainder	\$52.1	\$70.9	\$58.2	\$47.3	\$38.1
<i>DSP (25%, net)</i>	11.8	16.5	13.3	10.6	8.3
<i>SHA (75%)</i>	40.4	54.5	44.9	36.8	29.9
DSP Total	\$12.4	\$17.1	\$13.9	\$11.2	\$8.9
SHA Total	\$43.9	\$58.2	\$48.7	\$40.5	\$33.6

DSP: Department of State Police
SHA: State Highway Administration

Notes: The distribution of the balance of revenues remaining after cost recovery is not based on the remainder shown above but on the total remainder shown in Exhibit 2, taking into consideration revenues and cost recovery assumed under current law. Accordingly, the \$1.7 million that would have gone entirely to DSP under current law is not reflected as new revenue for DSP. The increased revenue distributed to DSP is assumed to be received as special funds. Numbers may not sum to total due to rounding.

Source: Maryland Department of Transportation; Department of Legislative Services

District Court

Under the bill, the number of citations issued in work zones (including local work zones) is expected to increase significantly. Additionally, due to the higher fine amount, a greater percentage of individuals is expected to contest citations. As a result, the number of trials in the District Court is likely to increase, potentially significantly. Accordingly, general fund revenues increase, as fine revenues paid by individuals convicted in District Court are paid into the general fund. Even so, the increase in District Court caseloads can likely be handled with existing resources.

Motor Vehicle Administration Flag Fees

TTF revenues likely increase further due to flag fees placed on the registrations of individuals who fail to pay a citation.

State Expenditures: Administrative costs to operate the work zone speed camera program under current law are estimated at approximately \$1.2 million annually for DSP and \$6.7 million annually for SHA. **Exhibit 4** shows the estimated increase in expenditures for administration of the program with more systems deployed as allowed under the bill.

Exhibit 4
Estimated Increase in Implementation Expenditures under the Bill
Fiscal 2025-2029
(\$ in Millions)

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Current Law	\$8.0	\$8.0	\$8.0	\$8.0	\$8.0
<i>DSP</i>	1.2	1.2	1.2	1.2	1.2
<i>SHA</i>	6.7	6.7	6.7	6.7	6.7
The Bill	\$12.2	\$12.4	\$12.4	\$12.4	\$12.4
<i>DSP</i>	1.9	1.9	1.9	1.9	1.9
<i>SHA</i>	10.3	10.5	10.5	10.5	10.5
Net Increase	\$4.2	\$4.4	\$4.4	\$4.4	\$4.4
<i>DSP</i>	0.6	0.6	0.6	0.6	0.6
<i>SHA</i>	3.6	3.8	3.8	3.8	3.8

DSP: Department of State Police
SHA: State Highway Administration

Notes: Numbers may not sum to total due to rounding. Administrative and related implementation costs are assumed to increase in fiscal 2025 and remain relatively stable throughout the period covered by this fiscal and policy note.

Source: Maryland Department of Transportation; Department of Legislative Services

These expenditures reflect additional administrative costs (which may include additional staff and other operating expenses) to expand the work zone speed camera program by deploying additional systems. The bill also requires real-time speed display devices to be placed near signage indicating work zone speed cameras are in use. Although not quantified here, expenditures likely increase further to procure these devices. In certain cases, SHA may be able to relocate existing real-time display devices, to the extent a

surplus is available. These costs are fully offset by the significant increase in special fund revenues anticipated for both DSP and SHA. Otherwise, these expenditures reflect the minimum amount required to be spent by the agencies under the bill, leaving millions of dollars available to be used by both agencies for authorized purposes as shown in **Exhibit 5**.

Exhibit 5
Additional Funding Available for Expenditure under the Bill
Fiscal 2025-2029
(\$ in Millions)

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Net New Revenue	\$56.3	\$75.3	\$62.6	\$51.7	\$42.5
<i>DSP</i>	<i>12.4</i>	<i>17.1</i>	<i>13.9</i>	<i>11.2</i>	<i>8.9</i>
<i>SHA</i>	<i>43.9</i>	<i>58.2</i>	<i>48.7</i>	<i>40.5</i>	<i>33.6</i>
For Cost Recovery	\$4.2	\$4.4	\$4.4	\$4.4	\$4.4
<i>DSP</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>
<i>SHA</i>	<i>3.6</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>	<i>3.8</i>
Residual Available	\$52.1	\$70.9	\$58.2	\$47.3	\$38.1
<i>DSP</i>	<i>11.8</i>	<i>16.5</i>	<i>13.3</i>	<i>10.6</i>	<i>8.3</i>
<i>SHA</i>	<i>40.4</i>	<i>54.5</i>	<i>44.9</i>	<i>36.8</i>	<i>29.9</i>

DSP: Department of State Police
SHA: State Highway Administration

Notes: Numbers may not sum to total due to rounding. Administrative and related implementation costs are assumed to increase in fiscal 2025 and remain relatively stable throughout the period covered by this fiscal and policy note.

Source: Maryland Department of Transportation; Department of Legislative Services

For example, for fiscal 2025, special fund expenditures for DSP may further increase by as much as another \$11.8 million (reflecting the balance, after cost recovery, of the \$12.4 million increase in DSP’s total share of projected prepaid fine revenue) for vehicle and equipment upgrades. Likewise, TTF expenditures for SHA may increase by as much as another \$40.4 million (reflecting the balance, after cost recovery, of the \$43.9 million increase in SHA’s total share of projected prepaid fine revenue) for highway improvements and work zone safety upgrades as well as SHA system preservation.

For DSP, the availability of additional revenue may reduce the need for general funds in future fiscal years – for the replacement and related outfitting of motor vehicles. (This analysis assumes the monies received by DSP are treated as special funds and may be retained by DSP rather than revert to the general fund if not expended at year-end.) However, any such impact depends on other factors, such as the cost and replacement schedule of vehicles, and has not been quantified. Similarly, the availability of additional revenue for SHA may allow existing projects to be enhanced or accelerated or more projects to be undertaken.

Local Fiscal Effect: Local revenues increase, potentially significantly, beginning in fiscal 2025 to the extent that local governments place speed work zone speed cameras pursuant to the bill’s expansion of an existing authorization. Under current law, work zone speed cameras may be used to capture violations within a work zone that is an *expressway or a controlled access highway* and on which the speed limit is 45 miles per hour or greater. These limitations have substantially curtailed the ability of local governments to establish work zone speed monitoring systems.

If the expanded authorization is used under the bill, expenditures also increase (potentially as early as fiscal 2024) to procure, install, and maintain additional speed cameras. Based on historical data and the use of speed camera systems in the State to date, the increase in revenues is likely to exceed the increase in expenditures. After cost recovery, the remaining revenues may only be expended for public safety purposes, including pedestrian or highway safety programs. Thus, expenditures also increase for those purposes.

Additional Comments: Under current law, a citation issued as a result of work zone speed camera system controlled by a *State* agency that is contested in District Court must be paid directly to the District Court. The bill does not expand this provision to also apply to work zone speed camera systems controlled by *local* governments. However, this analysis assumes any such citations are paid to the District Court and, as a result, accrue to the general fund.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 479 (The President, *et al.*) (By Request - Administration) - Judicial Proceedings.

Information Source(s): Comptroller's Office; Judiciary (Administrative Office of the Courts); Department of State Police; Maryland Department of Transportation; National Transportation Safety Board; Department of Legislative Services

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: **Motor Vehicles - Work Zone Speed Control Systems - Revisions
(Maryland Road Worker Protection Act of 2024)**

BILL NUMBER: HB0513

PREPARED BY: Lt. Governor's Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS