

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 479

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

Judicial Proceedings

Rules and Executive Nominations

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; and (4) establishes a reporting requirement for the State Highway Administration (SHA). **The bill generally takes effect June 1, 2024; however, provisions establishing a tiered civil penalty system take effect January 1, 2025.**

Fiscal Summary

State Effect: Although not reflected below, special fund expenditures increase in FY 2024 to maintain operation of existing work zones (due to additional requirements related to operation); while revenues likely increase due to the higher penalty, as discussed below. In FY 2025, special fund administrative costs increase by \$4.2 million to put additional systems into place; additional spending for authorized purposes is not reflected below. In FY 2025, special fund revenues increase by \$29.7 million (\$24.0 million for SHA and \$5.7 million for the Department of State Police (DSP)) – due to the higher penalty for the first half of the year, and expanded enforcement and establishment of a tiered penalty system in the second half. Out-years reflect full implementation and greater compliance. 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	\$29.7	\$30.1	\$24.2	\$19.1	\$14.8
GF Expenditure	(-)	(-)	(-)	(-)	(-)
SF Expenditure	\$4.2	\$4.4	\$4.4	\$4.4	\$4.4
Net Effect	\$25.6	\$25.7	\$19.8	\$14.7	\$10.4

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

Local Effect: Likely no material effect as local operation of work zone speed cameras is still limited by the existing requirements for operation on expressways and a speed limit of at least 45 miles per hour (mph).

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 increases the *maximum* civil penalty for work zone speed camera violations from \$40 to \$80. Subsequently, effective January 1, 2025, the bill establishes a tiered penalty system based on the speed recorded by the system in excess of the posted speed limit, as shown below in **Exhibit 1**.

Exhibit 1 Proposed Penalty Structure for Work Zone Speed Control Systems Effective January 1, 2025

<u>Exceeding the Speed Limit by:</u>	<u>Maximum Penalty</u>	
	<u>Base Amount</u>	<u>With Workers Present</u>
12 - 15 MPH	\$60	\$120
16 - MPH	80	160
20 - 29 MPH	140	280
30 - 39 MPH	270	540
40 or more MPH	500	1,000

MPH: miles per hour

Note: Penalties are doubled for a violation recorded when workers are present in a work zone.

Source: Department of Legislative Services

Also effective June 1, 2024, the bill alters the distribution of the revenues collected from work zone speed cameras 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 SB 479/ Page 2

specified vehicle and equipment costs. The bill requires the other 75% of the remaining balance to be distributed to the Transportation Trust Fund (TTF) for highway and work zone safety purposes, with priority given to the purchase and deployment of equipment that improves work zone safety.

Required Signage

The bill alters the definition of “work zone” such that any such segment of a highway designated as a work zone must be equipped with (1) signage designating each entrance and exit to the work zone and (2) flashing lights that operate whenever workers are present at the work zone. Similarly, the definition of “work zone speed control system” is expanded to mean a device that is equipped with flashing blue lights.

Reporting Requirements

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. The Maryland Department of Transportation (MDOT) must also annually report to the Governor and the General Assembly on how funds distributed to TTF under the bill’s changes have been spent.

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:

- current statutory provisions related to the issuance of citations and the disposition of fines (*e.g.*, cost recovery and the use of any remaining balance after cost recovery) apply to work zone speed control systems;
- a work zone speed control system may be manned or unmanned;
- 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;
- 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 within a one-hour period may be issued for the same registration plate for a violation 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 mph 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: MDOT notes that the bill is largely 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 (*e.g.*, contested, 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, the volume of citations and resultant prepaid fine revenues are assumed to, in the absence of the bill, remain constant in future fiscal years.

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 maximum of \$80 (rather than a maximum of \$40 under current law). Beginning January 1, 2025, the tiered penalty system shown in Exhibit 1 takes effect (concurrent with the expected deployment of additional work zone monitoring systems).

Exhibit 2 shows the estimated total volume of citations for each fiscal year, based on MDOT’s assumptions for the bill as introduced, and anticipated prepaid fine revenue collected from those citations. The estimate reflects a higher maximum civil penalty (\$80 rather than \$40) beginning in June 2024 (fiscal 2024) and continuing through the first half of fiscal 2025, with the tiered penalty system shown in Exhibit 1 in place thereafter. Accordingly, although not shown below, revenue likely increases in fiscal 2024 due to the higher maximum civil penalty in place for one month of the year. *For illustrative purposes only*, assuming a constant rate of citations issued at the *maximum* \$80 fine rate, additional prepaid fine revenue could increase by as much as \$806,272 for that month. In reality, due to the lag time between the issuance of a citation and payment of the citation, the impact is likely lower in fiscal 2024. Furthermore, the required signage and lighting to alert drivers to work zone speed cameras may result in more of them reducing their speed sufficiently to avoid citation. Accordingly, to the extent the average penalty falls below the maximum (or the number of citations is lower than anticipated), revenues increase less significantly.

Exhibit 2
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	\$39,413,333	\$39,802,667	\$33,832,267	\$28,757,427	\$24,443,871

Source: Maryland Department of Transportation; Department of Legislative Services

Likewise, DLS assumes that, by fiscal 2025, most drivers will be more aware of the work zone speed cameras and will attempt to lower their speed, such that violations will generally fall in the lower tiers when the penalty increases January 1, 2025, and relatively few penalties will be doubled due to presence of workers when the violation occurs (as the requirement for blue flashing lights could have an even greater deterrent effect). DLS also notes that, under the tiered penalty system, the maximum penalty *drops from* \$80 to \$60

for speeding between 12 and 15 mph over the limit but is maintained at \$80 for speeding between 16 and 19 mph over the limit – if no workers are present at the time of the violation. Otherwise, the penalty is doubled to \$120 and \$160, respectively. For more excessive speeding, the penalties are much greater.

Even with more work zone speed cameras in use, MDOT assumes citations decrease by about 15% beginning in fiscal 2026 as drivers become more aware the penalties for a violation and the use of such cameras. DLS advises that, since the bill establishes significantly higher maximum penalties than under current law, the extent of the deterrent effect may be greater than anticipated and realized sooner. Thus, to the extent the assumed gradual decrease in citations accelerates (or the maximum civil penalty is not assessed), revenues under the bill may be considerably less significant than anticipated; one such alternative scenario is discussed below.

Exhibit 3 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 2.

Exhibit 3
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	\$39.4	\$39.8	\$33.8	\$28.8	\$24.4
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	\$27.3	\$27.4	\$21.5	\$16.4	\$12.1
<i>DSP (25%)</i>	6.8	6.9	5.4	4.1	3.0
<i>SHA (75%)</i>	20.4	20.6	16.1	12.3	9.0
DSP Total	\$8.7	\$8.7	\$7.2	\$6.0	\$4.9
SHA Total	\$30.7	\$31.1	\$26.6	\$22.8	\$19.6

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 in the out-years. Reflects illustrative scenario under which all citations are prepaid at the maximum level. Does not account for additional expenditures related to signage designating each entrance and exit to work zones with flashing lights that operate whenever workers are present.

Source: Maryland Department of Transportation; Department of Legislative Services

Exhibit 4 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 under the bill.

Prepaid fine revenue increases by \$29.7 million in fiscal 2025. After administrative cost recovery for both DSP and SHA, under the bill, 25% of the remainder of 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; accordingly, if realized, the \$806,272 in additional revenues would net to an increase of \$96,094 for DSP and \$710,178 for SHA.

Exhibit 4
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	\$29.7	\$30.1	\$24.2	\$19.1	\$14.8
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	\$25.6	\$25.7	\$19.8	\$14.7	\$10.4
<i>DSP (25%, net)</i>	5.1	5.2	3.7	2.4	1.3
<i>SHA (75%)</i>	20.4	20.6	16.1	12.3	9.0
DSP Total	\$5.7	\$5.8	\$4.3	\$3.0	\$1.9
SHA Total	\$24.0	\$24.3	\$19.9	\$16.1	\$12.8

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

Alternative Scenario and Uncertainty Regarding Estimate Above

As noted above, the estimate in the analysis is based on assumptions that are subject to considerable uncertainty. First, the estimate assumes the number of individuals projected

to be issued citations that are prepaid actually prepay the fine (rather than contest it and, if found guilty, pay the District Court, in which case the revenues are general funds). Moreover, it assumes the maximum penalty is assessed; if a lower penalty is assessed instead, prepaid fine revenues decrease. Further, it may not fully account for the deterrent effect of the higher penalties and changes in driver behavior due to greater recognition of work zone speed cameras, which could reduce the total number of citations assumed to be issued. Accordingly, revenues may increase much less significantly than reflected above.

Under an alternative scenario (under which the average revenue per citation is significantly below the maximum civil penalty), the revenue increase is less pronounced. For example, prepaid revenue shared between SHA and DSP could only total \$23.0 million (rather than \$39.4 million) in fiscal 2025; by fiscal 2029, prepaid revenue could only total \$12.0 million (rather than \$24.4 million).

District Court

Under the bill, the number of citations issued in 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 for expansion of work zone speed cameras. **Exhibit 5** shows the estimated increase in expenditures for administration of the program with more systems deployed as allowed under the bill.

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 signage designating each entrance and exit to the work zone and flashing blue lights that operate whenever workers are present at the work zone. Although not quantified here, expenditures likely increase further to procure these devices. Regardless, all such 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 6**.

Exhibit 5
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 for expansion and remain relatively stable throughout the period covered by this fiscal and policy note. Expenditures also increase in fiscal 2024 to keep existing systems operational.

Source: Maryland Department of Transportation; Department of Legislative Services

For example, for fiscal 2025, special fund expenditures for DSP may further increase by up to as much as another \$5.1 million (reflecting the balance of the \$5.7 million increase in DSP’s share of projected prepaid fine revenue) for vehicle and equipment upgrades. Likewise, TTF expenditures for SHA may increase by as much as another \$20.4 million (reflecting the balance of the \$24.0 million increase in projected prepaid fine revenue retained by SHA) for highway improvements and work zone safety upgrades (with priority given to the purchase and deployment of equipment that improves work zone safety).

For DSP, the availability of additional revenue may reduce the need for general funds in future fiscal years – for the vehicle 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.

Exhibit 6
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	\$29.7	\$30.1	\$24.2	\$19.1	\$14.8
<i>DSP</i>	5.7	5.8	4.3	3.0	1.9
<i>SHA</i>	24.0	24.3	19.9	16.1	12.8
Used for Increased Costs	\$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
Residual Available	\$25.6	\$25.7	\$19.8	\$14.7	\$10.4
<i>DSP</i>	5.1	5.2	3.7	2.4	1.3
<i>SHA</i>	20.4	20.6	16.1	12.3	9.0

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 due to expansion and remain relatively stable throughout the period covered by this fiscal and policy note. Additional costs, not reflected above, are incurred to maintain existing systems in fiscal 2024 and for the new systems.

Source: Maryland Department of Transportation; Department of Legislative Services

Additional Information

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

Designated Cross File: HB 513 (The Speaker, *et al.*) (By Request - Administration) - Environment and Transportation.

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: SB0479

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