



HB 38 - Vehicle Laws- Failure to Pay Video Toll- Reform Penalties

Favorable

Chairmen Barve, Vice-Chair and members of the committee, thank you for the opportunity to testify in support of HB 38. HB 38 reduces the civil penalty on video tolls from \$50 per citation to \$5 and retains MVA's ability to refuse, but not suspend registration for non-payment.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy.

CASH's clients typically earn less than \$20,000 and are working hard to make ends meet. Our clients also have extreme income volatility, meaning their wages can fluctuate up or down by upwards of 30% depending on the week or season. In Maryland, over 15% of residents report that their income varies somewhat or a lot over the course of the year.¹ This means that an unplanned debt that is due as a lump sum, even as low as \$300, can have a significant impact on a person's ability to meet their basic needs.

Low income workers are most vulnerable to penalty fees

The \$50 civil penalty for failure to pay a video toll is on every transaction acquired. This kind of penalty structure creates a system that negatively affects low income workers. Currently, low income drivers spend more money commuting to work than other drivers². Exposing them to this system can increase the cost of their commute even more. This problem will continue to increase, because there is a trend to change more toll roads into cashless toll roads. This means that more of our vulnerable populations like low income workers and older drivers will encounter a defective system that could potentially leave them thousands dollar debt or without the ability to drive.

Current penalties are significantly disproportionate to toll costs

If a person uses the ICC (or any of the other cashless toll roads) to get to and from work, they could be fined \$100 for two transactions for that one work day. According to the MDTA website, if a person rides on the ICC to work and enters at I95 and exits at Georgia Ave during peak hours, they will receive a \$3.42 charge for one way. The civil penalty for this would be \$50. In this scenario, \$50 is a 1,462% increase on the original toll fee. This increase is disproportional with the original video toll fee.

The legislation proposes to change the penalty to more no more than \$5, which in this example would be 146% of the fine.

Debt is exacerbated by implementation challenges by MDTA and their vendor(s)

More pressure will be put onto MDTA and the vendors that they hire as more roads are changed into cashless toll roads. Currently, there are significant challenges with the notices for video tolling. Many drivers are not receiving their notices. This means that they are using cashless toll roads and unknowingly accruing toll fees. Since they do not know that they are accruing these fees, the \$50 civil penalty can be

¹ 2017 FDIC [*National Survey of Unbanked and Underbanked Households*](#). Federal Deposit Insurance Corporation, 2018.

² https://www.brookings.edu/wp-content/uploads/2016/06/0314_transportation_puentes.pdf



added to each transaction after 60 days from the mailing date. This leads to drivers eventually receiving a notice from Maryland's Central Collection Unit or having a suspended vehicle registration.

Current system creates barriers for people to get to work

The ability to suspend a vehicles registration can completely stop the only source or one of the few sources of revenue that a family receives. This is a barrier for low income drivers, because they need reliable transportation to go to work. If they can no longer use their private vehicle, they would have to try to use public transportation. This may not be a reasonable alternative for many drivers, because public transportation is limited in Maryland.

The civil penalty and the authority to suspend a vehicles registration create a system where restitution is extremely difficult. If we want people to pay fines and fees, then they should be set at a level that is obtainable. At the current rate of \$50 per transaction, this civil penalty surpasses punishment into exploitation. MVA's authority to suspend a vehicle registration makes working and other essentials tasks a burden.

For these reasons, we urge a favorable report on HB 38.