

HB291_ Vehicle Laws – Failure to Pay Video Toll –

Uploaded by: Dews, Christopher

Position: FAV

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF HB291:

Vehicle Laws – Failure to Pay Video Toll – Outstanding Fines

TO: Chairman Kumar P. Barve and members of the Environment & Transportation Committee

FROM: Christopher Dews , Policy Advocate

DATE: January 21, 2021

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates policies and programs to increase the skills, job opportunities, and incomes of low-skill, low-wage workers and job seekers in Maryland. We strongly support HB 291 as a means to reduce the impact of fines and fees for the working class in the State of Maryland.

JOTF's recently released report entitled, "The Criminalization of Poverty," studies how the fines and fees burden the poor, even once they are released. According to data from the U.S. Census Bureau, almost 50% of Marylanders drive to another county for work. Both Maryland and Virginia have the highest cross-county commuter rate in the nation. This not only means that access to vehicular transportation is vital to the success of workers in Maryland, but also that toll roads are more likely to be used. Housing instability for lower-income workers has been well documented during this pandemic. For example, the pew research center reported that 52% of young adults have moved in with parents in response to the pandemic. Thanks to issues regarding delays within the USPS many of those who have transferred location have been unable to receive mail and are experiencing increased fines to their motor vehicle record during an economic depression thanks to the pandemic.

HB291 seeks to address the issue along with limiting the maximum civil penalty that may be set by the Maryland Transportation Authority (MDTA) for failure to pay a video toll to \$25 (the current penalty, which is established by regulation, is \$50). The working class need access to affordable higher education, consistent employment, and reliable transportation in order to meet life's demands and *not* excess fines for tolls they may not have even known they used. For these reasons, we urge a **FAVORABLE** report on House Bill 291.

HB291 - Krimm Testimony.pdf

Uploaded by: Krimm, Delegate Carol

Position: FAV

CAROL L. KRIMM
Legislative District 3A
Frederick County

Appropriations Committee

Subcommittees

Capital Budget

Oversight Committee on Pensions
Vice Chair, Transportation and the
Environment

House Chair

Joint Audit and Evaluation
Committee



The Maryland House of Delegates
6 Bladen Street, Room 422
Annapolis, Maryland 21401
410-841-3472 · 301-858-3472
800-492-7122 Ext. 3472
Carol.Krimm@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 291 – Vehicle Laws – Failure to Pay Video Toll – Outstanding Fines

January 21, 2021

Delegate Carol L. Krimm

WHAT DOES THIS BILL PROPOSE?

HB 291 reduces the outstanding civil penalty set by the Maryland Transportation Authority (MDTA) from \$50 to \$25 for toll violations that were assessed on or before July 1, 2021.

WHY IS THIS BILL NECESSARY?

The Maryland Department of Legislative Services provided data on the number of civil penalties billed and penalties outstanding from FY2016 through November of FY2020 (see attached). Nearly one in three motorists in FY2016 failed to pay their tolls; climbing to one in two as of November 23, 2020. As Maryland cashless toll system continues to grow; we have to ensure the punishment fits the crime when assessing civil penalties for toll violations.

In 2018, the General Assembly passed legislation for a revised tiered civil penalty structure from the current \$50 penalty to: \$25 for the first five simultaneous toll violations triggering a \$50 penalty thereafter beginning in the second quarter of FY2021. In the future motorists will be offered relief for their toll violations; HB 291 retroactively aids those already struggling with outstanding civil penalty fines.

Many Maryland families are struggling financially during the pandemic. An outstanding fine may adversely affect credit ratings and peace of mind. Reducing these fines may allow families to pay their debt or present an opportunity to gradually pay off a debt that no longer is insurmountable.

I urge you to support HB 291.

HB 291 – Vehicle Laws – Failure to Pay Video Toll – Outstanding Fines

January 21, 2021

Delegate Carol L. Krimm

Civil Penalties

As of November 23, 2020

	# of Civil Penalties Billed	# of Civil Penalties Outstanding
FY2016	1,279,819	437,876
FY2017	1,126,831	468,114
FY2018	919,436	419,612
FY2019	923,583	510,523
FY2020*	584,139	386,360
FY2021*	0	0

** FY 2020 civil penalties are through March 16, 2020. In response to the COVID-19 pandemic, and to assist and provide financial relief to customers, the MDTA temporarily paused the processing and mailing Notices of Toll Due (NOTDs) on March 17, 2020. The processing and mailing of NOTDs resumed in mid-October, beginning with unpaid transactions for trips made from March through June 2020. In accordance with State law, a vehicle owner has 45 days from the date the notice is mailed to pay the video toll amount due without any penalty. To date, no civil penalties have been assessed for NOTDs issued on or after March 17, 2020.*

(MAP) HB 291 Vehicle Laws - Failure to Pay Video T

Uploaded by: Moore, Tonaeya

Position: FAV



TESTIMONY IN SUPPORT OF HB 291

Vehicle Laws - Failure to Pay Video Toll - Outstanding Fines

Environment and Transportation Committee

January 21, 2021

Submitted by Stacey Jefferson and Julia Gross, Co-Chairs

Marylanders Against Poverty (MAP) supports HB 291. This bill changes the civil penalty of unpaid toll violations from \$50 to \$25.

This system makes it difficult for many low-income drivers to pay their debts. Currently, there is a \$50 civil penalty that is applied to each transaction if it is not paid within a certain time frame. Then, the balance is moved to Maryland's Central Collection Unit (CCU). Once it is moved, there is another fee added to the total amount. There has to be an initial down payment made before monthly payments can start.

Cashless toll roads create this problem, because drivers do not have the option to pay the toll during their trip. This can lead to drivers accruing extremely high cost very quickly. Drivers can enter into this situation in multiple ways. The drivers EZ Pass responder could stop working, and they are unaware that they are accruing video toll fees. They may not have a bank account linked to their account to auto replenish. They may not receive proper notification from MVA of the video toll fees that they owe. These mistakes can lead to low income drivers being trapped into a system of debt.

Lowering the penalty fine will decrease the financial burden experienced by low income drivers. Low income drivers have many financial obligations in relation to driving. These include car insurance, maintenance, and tolls, and having access to a car expands job and educational opportunities. Driving and having a car is already an expensive burden on low income family's budget. One trip can result in \$100 in penalty fines because the fine is charged per transaction. \$100 in fines for one trip is detrimental to low income families. Lowering the fine makes it easier for low income families pay. This in turn increases the number of low income families that will pay. This will help them avoid further escalation due to unpaid violations.

MAP appreciates your consideration and urges a favorable report for support HB 291.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

Member Agencies:

Advocates for Children and Youth
Baltimore Jewish Council
Behavioral Health System Baltimore
CASH Campaign of Maryland
Catholic Charities
Episcopal Diocese of Maryland
Family League of Baltimore
Fuel Fund of Maryland
Health Care for the Homeless
Homeless Persons
Representation Project
Job Opportunities Task Force
League of Women Voters of Maryland
Loyola University Maryland
Maryland Catholic Conference
Maryland Center on Economic Policy
Maryland Community Action
Partnership
Maryland Family Network
Maryland Hunger Solutions
Paul's Place
Public Justice Center
St. Vincent de Paul of Baltimore
Welfare Advocates

Marylanders Against Poverty

Stacey Jefferson, Co-Chair
P: 410-637-1900 ext 8578
C: 443-813-9231

E: stacey.jefferson@bhsbaltimore.org

Julia Gross, Co-Chair
P: 410-528-0021x6029

E: jgross@mdhungersolutions.org

CASH_HB 291- Vehicle Laws – Failure to Pay Video T

Uploaded by: Moore, Tonaeya

Position: FAV



HB 291 - Vehicle Laws – Failure to Pay Video Toll – Outstanding Fines
Environment and Transportation Committee
January 21, 2021
SUPPORT

Chairmen Barve, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of House Bill 291. This bill would lower the \$50 penalty for outstanding toll violations to \$25.

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. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Many Marylanders pay to use roads to have access to their jobs, school, and other resources. Tolls can be paid by using E-ZPass, cash, and video tolling when cash is not an option. Cashless tolls do not allow drivers to pay the toll fee while driving. The driver is supposed to be notified about the original charge, the failure to pay charge (\$50 per transaction), and then notified before there charges are sent to Maryland's Central Collection Unit (CCU). Many drivers do not have a bank account linked to refill their E-ZPass or the E-ZPass could malfunction. This means they have to pay the toll through a video toll charge, which is sent through the mail. The problem is that some customers are not receiving the charges through the mail. A driver can be completely unaware that they are accruing charges.

There will be at least two charges per trip on a toll road- one to drive to the destination and one to return. Depending on the road used, a video charge is no more \$12 but can be as low as \$2.54¹. If a driver is unaware they are accruing charges, they can easily have 10 or more violations for using the toll roads for everyday activities. There will be a \$50 penalty on every charge. One week of going to work can amount to \$500 in penalty fees. **We know that many Americans would struggle to come up with \$400² quickly.** On top of video toll charges and the penalty fee on each charge, another fee is added to the total amount sent to CCU. Once the fee is at CCU, there has to be an initial down payment made before being allowed to enter into a payment plan. Many drivers are unaware of their charges until they are sent information by Maryland's CCU. Once at CCU, their options are extremely limited and require a significant amount of money to remedy.

¹ https://mdta.maryland.gov/Toll_Rates/rates_Index.html

² <https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-dealing-with-unexpected-expenses.htm>



Maryland's current system is financially punitive, which is a barrier to people paying their original charge. Not only is the \$50 fee per transaction a harmful financial burden, but it also decreases the driver's ability to be accountable for their fee. This leads to negative credit scores, wage garnishments, and has led some Maryland drivers to "toll bankruptcy". This bill addresses these concerns by reducing the civil penalty to \$25 per charge.

For these reasons, we encourage a favorable report HB 291.

testimony2021hb291

Uploaded by: Schneiderman, Franz

Position: FAV



Auto Consumer Alliance

13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

**Testimony to the House Environment and Transportation Committee
HB 291 – Vehicle Laws – Failure to Pay Video Toll – Outstanding Penalties –
Position: Favorable**

Jan. 21, 2021

The Honorable Kumar Barve
Environment and Transportation Committee
Room 251, House Office Building
Annapolis, MD 21401
cc: Members, Environment and Transportation Committee

Honorable Chair Barve and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a group that brings together consumer-friendly auto dealers and consumer advocates to work for safety, transparency, and fair treatment for Maryland drivers and car buyers.

Consumer Auto supports **HB 291** because it would provide needed relief to many Marylanders – including many lower-income Marylanders – who incurred substantial debts as a result the \$50 toll violation fines Maryland was assessing until the state acted to cut those fines in half last year.

Lower-income Marylanders are more likely than other residents to lack an EZ pass transponder, or to need to replenish their EZ pass accounts regularly because they don't have a credit card that can pay those fees automatically, or to struggle to pay the bill for toll fees sent through the mail. As a result, those toll violations fines have fallen disproportionately on those least able to pay the toll-by-mail fees and the fines for not paying those fees

The \$50 toll violation fees thus became a debt trap for many lower-income Marylanders. Continuing to seek to collect the full fees – and additional collection costs – on the more than \$2.2. million in outstanding debts for those fines from 2016 through 2020 would impose further serious financial strains on thousands of struggling Marylanders.

Cutting the outstanding fees to \$25 would ease that burden, at least to some extent. It would also bring the outstanding fines more fairly in line with the fairer \$25 fines the state is now charging for such violations.

I urge you to give a **FAVORABLE** report to **HB 291**.

Sincerely,

Franz Schneiderman
Consumer Auto

MCRC Testimony 2021 HB 291- Video Toll Violations

Uploaded by: White, Marceline

Position: FAV



Maryland Consumer Rights Coalition

Testimony to the House Appropriations Committee
HB 291: Vehicle Laws-Failure to Pay Video Tolls- Outstanding Fines
Position: Favorable

January 21, 2021

The Honorable Kumar P. Barve, Chair
Environment and Transportation Committee
Room 251, HOB
Annapolis, MD 21401
cc: Members, Environment and Transportation Committee

Honorable Chair Barve and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in support of HB 48.

In 2018, MCRC released a research report, *No Exit: How Maryland's Debt Collection Practices Deepen Poverty & Widen the Racial Wealth Gap*, which details the fines and fees that derail the efforts of low-income Marylanders to gain a stronger economic foothold and achieve financial stability. Our report found that in recent years as electronic-tolling has grown in popularity, state-owed debt related to electronic-tolls and their associated civil penalties has grown exponentially.

Our research found that these tolls fell disproportionately on unbanked and underbanked Maryland drivers and that the toll amount resulted in severe economic hardship for many individuals. Several individuals declared bankruptcy due to the cost of mounting tolls.

Today, many Maryland families are suffering with the twin crises of the pandemic and economic recession. Many households are financially fragile at this time and are struggling to keep their homes, keep food on the table, and pay medical bills. In 2018, the video toll costs penalized the poor and exacerbated a vicious cycle of poverty.

Now, these tolls seem even more burdensome and punitive. Reducing the toll from \$50 to \$25 is the right thing for Maryland to do. As noted last year, Massachusetts charges \$5 per



Maryland Consumer Rights Coalition

violation. Reducing these outstanding fines from \$50 to \$25 is a sensible response for Maryland drivers.

For all these reasons, we support HB 291 and urge a favorable report.

Sincerely,

Marceline White
Executive Director

HB0291 - MDTA - Failure to Pay Video Toll - LOI_FI

Uploaded by: Westervelt, Patricia

Position: INFO

January 21, 2021

The Honorable Kumar Barve
Chairman, Environment and Transportation Committee
251 House Office Building
Annapolis MD 21401

**Re: Letter of Information – House Bill 291 –Vehicle Laws –Failure to Pay Video Toll –
Outstanding Fines**

Dear Chairman Barve and Committee Members:

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) take no position on House Bill 291 but offers the following information for the committee's consideration. House Bill 291 proposes to retroactively reduce the civil penalty assessed to \$25 for each outstanding civil citation assessed on or before July 1, 2021.

The MDTA does not receive funds from the Transportation Trust Fund or General Fund. The MDTA operates the toll facilities in Maryland, with tolls being collected through a combination of *E-ZPass*[®] toll collection and video toll collection. When a customer passes through a toll facility and fails to pay a toll with *E-ZPass*, images are captured of the vehicle license plate. The images are reviewed so that the vehicle is either matched with an existing *E-ZPass* account or the registered owner is mailed a video toll invoice (Notice of Toll Due or NOTD) at the address on file with MDOT Motor Vehicle Administration (MDOT MVA). This is not a fine or citation, but rather another way for non-*E-ZPass* customers who choose to use MDTA's facilities to pay a toll.

Existing statute provides three measures designed for recouping past due tolls: civil penalties, flagging or suspending vehicle registrations, and referrals to Central Collection Unit (CCU). A motorist will only receive a civil penalty if they choose not to pay a NOTD within the allotted 45 days. A motorist must pay the citation (the toll and penalty) in the allotted timeframe or contest the toll in court. If a person (1) fails to elect to stand trial or pay the prescribed video toll and civil penalty, (2) is adjudicated to be liable after trial, or (3) fails to appear at a trial after having elected to stand trial, the MDTA may refer the case to the MDOT MVA for suspension of or refusal to renew the vehicle's registration.

The MDTA is committed to responding to customers and resolving any outstanding concerns. Over the last few years, the MDTA has taken significant steps to improve its customer service, especially in assisting customers with resolving their toll debt. In the past, the legislature has proposed numerous proposals to lower the civil penalty. To support Governor Hogan's mission to provide excellent customer service and experience, the MDTA Board has reduced tolls, monthly maintenance fees, and civil penalties as a result of the anticipated operational savings associated with the transition to the new Third Generation Electronic Toll Collection (3G ETC) system and to align civil penalties with administrative costs.

In March 2020, the MDTA Board unanimously voted to lower the civil penalty for all toll violations to \$25, which took effect on July 1, 2020. The civil penalty amount is used to offset the additional transaction costs that are incurred for toll violators such as certifying the citation and license plate image, working with other State MVA's for out-of-state toll users, issuance of citation, multiple required mailings, and court processing and appearances. The reduced civil penalty aligns closely with current and anticipated costs.

Previously, in 2018, MDOT and MDTA supported legislation that granted the MDTA Board authority to recall a delinquent account from CCU. The General Assembly also passed legislation that allows the MDTA to contract with a private debt collector to assist in collecting tolls and civil fines owed by individuals who do not reside in Maryland. A Request for Proposal (RFP) is expected in 2021 to move that effort forward.

Before the MDTA began transitioning to the new 3G ETC system, the costs associated with collecting unpaid tolls from toll violators were higher. The retroactive civil penalty reduction is not only inequitable for responsible customers who pay their tolls and civil penalties as required, but would also prevent the MDTA from recouping the higher collection costs incurred (including out-of-state users) for unpaid toll violations that occurred before the civil penalty was reduced on July 1, 2020. As of December 31, 2020, outstanding unpaid civil penalty revenues totaled \$324.0 million. This amount reflects unpaid civil penalties from FY 2014 through FY 2020. Based on House Bill 291, the MDTA would reduce outstanding civil penalty debt owed to the MDTA by \$162.0 million resulting in the MDTA forgiving \$162.0 million in civil penalty revenue, which includes out-of-state residents.

Since 1971, the MDTA has been responsible for constructing, managing, operating and improving the State's toll facilities, as well as for financing new transportation projects under its purview (such as the Governor Harry W. Nice/Senator Thomas "Mac" Middleton Bridge in Charles County). The agency is entirely reliant on tolls collected from its users as the MDTA does not receive any state General Fund or Transportation Trust Fund dollars. In accordance with the MDTA's Trust Agreement with bondholders, toll revenues are first pledged to pay operating expenses, including debt service for bonds that are used to fund major transportation projects at existing and new facilities. Similarly, Maryland statute provides the Legislature with notification, not approval of toll rates and fees. The approval of toll rates and fees falls within the jurisdiction of MDTA Board and requires adherence to a clearly defined public hearing process.

Furthermore, the passage of this bill would likely erode the MDTA's statutory independence and may have a negative effect on its credit worthiness resulting in ratings downgrades and higher financing rates. Fitch Ratings (April 30, 2020) highlighted the MDTA's independence in its rationale for the assigned AA rating. Standard & Poor's (June 8, 2020) cited the "minimal restrictions on pricing power" as a key strength. According to Moody's Toll Sector methodology, an agency's independence from the interference of general government and a degree of insulation from political interference impacts its rating scorecard by 15%.

The Honorable Kumar Barve
Page Three

Other toll agencies, such as the Miami-Dade County Expressway Authority (MDX), experienced bond ratings downgrades due to legislative interventions that interfered with its toll rate setting autonomy. A downgrade of MDTA's credit would lead to lower credit worthiness as well as higher financing rates for capital projects.

The Maryland Department of Transportation respectfully requests that the Committee consider this information as it deliberates on House Bill 291.

Respectfully submitted,

Bradley Ryon
Manager, Government Relations
Maryland Transportation Authority
443-915-0017

Pilar Helm
Director of Government Affairs
Maryland Department of Transportation
410-865-1090