

HB38Testimony.pdf

Uploaded by: Anne Healey

Position: FAV

ANNE HEALEY
Legislative District 22
Prince George's County

Chair
Rules and Executive
Nominations Committee

Environment and Transportation
Committee

Chair
Local Government and
Bi-County Issues Subcommittee



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

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E&T Hearing – March 3rd, 2022

HB38 – Maryland Transportation Authority – Video Tolls – Collection

Mr. Chair, members of the committee, for the record, Del. Anne Healey. Thank you for the opportunity to present HB38, a bill that clarifies how the Maryland Transportation Authority (MDTA) may rule over delinquent accounts in accordance with the Central Collection Agency.

I'd like to remind the committee that this bill is a reintroduction with amendments of previous legislation from the Senate that was passed in 2018. This law sunset in May of 2021. It has been abrogated and needs to be reintroduced to continue the practice. This bill would take effect June 1 and has no expiration date.

Currently, the CCU is responsible for collecting any debt owed to the state. The CCU uses a variety of methods and resources to facilitate the collection of delinquent accounts, including automated and manual efforts, as well as a private collection agency.

This legislation clarifies the MDTA's rule over delinquent accounts:

- First, the MDTA may refer a delinquent account for unpaid video tolls to the CCU.
- Second, it authorizes the MDTA to recall certain delinquent accounts from the CCU and waive unpaid tolls and associated penalties. This can occur if the delinquent account exceeds \$300 in unpaid video tolls and civil penalties, the video tolls were assessed in a 30-day period, and mitigating factors exist as determined by the MDTA.
- And third, it prohibits the CCU from collecting a delinquent account that is recalled by the Authority.

I ask for a favorable report on HB38.

HB0038_FAV_JOTF.pdf

Uploaded by: Caleb Jasso

Position: FAV

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF House Bill 38:

Maryland Transportation Authority - Video Tolls - Collection

TO: Hon. Kumar P. Barve, Chair, and members of the House Environment and Transportation Committee

FROM: Caleb Jasso, Policy Advocate

DATE: March 3, 2022

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 support **House Bill 38** as a means to reestablish that the Maryland Transportation Authority (MDTA) has the ability to recall a delinquent account from the Central Collections Unit (CCU) and waive any outstanding tolls and associated charges, and, to prohibit the CCU from collecting on a delinquent account that has already been recalled by MDTA - this being a continuation of **House Bill 973, Chapter 547**, of 2018 regular session.

At the moment, the official MDTA [website](#) states that, “video toll rates at all Maryland toll facilities are 1.5 times the Cash/Base Rate, with a minimum of \$1 and a maximum of \$15 above the Cash/Base Rate.” With the onset of the COVID-19 pandemic, and the many shifts in administrative services that took place as a result, the problems surrounding video toll payments became exacerbated due to the deferment of payment collection and the lack of notification that drivers were still being charged for toll use. Currently, CCU is responsible for collecting any delinquent accounts or debts owed to the State and has the flexibility to collect in any manner available under State law - these include automated and manual efforts, as well as a private collection agency. Coupled with the varying administrative fees associated with CCU collection, being authorized to charge up to 20%, those who accrue toll violations and their associated fees, continually find themselves in severe financial hardship; many times, without having proper notice of the missed payments.

A report by MDTA demonstrated that during the first 13 months that Chapter 547 was in effect, this range being from 1 month of fiscal year 2018 and all of fiscal year 2019, MDTA recalled from CCU approximately **\$6.5 million in outstanding toll violation debt**. Of that total, approximately **\$1.0 million** was collected, approximately **\$5.4 million was waived**, and approximately **\$90,000** is still outstanding. Additionally, the policies implemented during the COVID-19 pandemic, especially the deferment of payments, has not only allowed the problem to grow, but has simultaneously highlighted the importance of **House Bill 38**, and the assurance that it provides to Marylanders that they will have options to settle their outstanding toll violations without the fear of losing their financial stability, having their credit score

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be negatively impacted, or losing their driving privileges altogether - an outcome that makes paying off outstanding debt even more difficult.

Discovering that a person has accrued massive amounts of debt due to toll violations has forced many to declare personal bankruptcy or spend a significant amount of their lives in a form a toll debtor prison because of small penalties, fraud alerts on credit cards, which make payment even more difficult, and administrative problems that perpetuate the cycle, and has detrimental effects on personal credit scores which disproportionately impact low-income individuals. For these reasons, we urge a favorable vote on **House Bill 38**.

For more information, contact:

Caleb Jasso / Policy Advocate / caleb@jotf.org / 626-224-3543

HB38 MCRC Testimony 2022.pdf

Uploaded by: Isadora Stern

Position: FAV

**Testimony to the House Environment & Transportation Committee
HB0038: Maryland Transportation Authority - Video Tolls - Collection
Position: Favorable**

March 03, 2022

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:

We are writing today in support of HB0038

In 2013, in pursuit of the worthy goal of addressing unpaid tolls, the General Assembly passed a law which created a collections structure for unpaid E-ZPass tolls. Maryland's infrastructure funding mechanism is, in part, based on drivers supporting highway maintenance through modest, usage-based tolls. However, the law has led to a classic example of unintended consequences.

The fine for failing to pay a toll is \$25 – which can be 8 or more times the cost of the original toll. If unpaid, the fine is referred to the Central Collections Unit (CCU) where it begins to accrue interest. Bills sent to the CCU can be pursued through many means, including court action, wage garnishments and interception of payments from state and federal agencies. The CCU may also report unpaid debt to credit bureaus, and depending on the size of the debt, vehicle registration may be flagged for non-renewal or suspension.¹ Many of these consequences make it even more challenging for consumers to pay their delinquent bills.

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. Video toll costs penalize the poor and exacerbate a vicious cycle of poverty.²

HB0038 would authorize the Maryland Transportation Authority (MDTA) to recall a delinquent account that exceeds \$300 in unpaid video tolls from the CCU and prohibit the CCU from collecting that debt once it is recalled. This would give the MDTA the authority to waive unpaid tolls and associated penalties.

MCRC supports legislation that aims to reduce the number of residents with delinquent unpaid video tolls and related civil penalties. For all these reasons, we support HB0038 and urge a favorable report.

Sincerely,

Isadora Stern
Policy Associate

1

[https://driveezmd.com/acct-types/video-tolling-faq/#:~:text=A%20%2425%20civil%20penalty%20will,Central%20Collection%20Unit%20\(CCU\).](https://driveezmd.com/acct-types/video-tolling-faq/#:~:text=A%20%2425%20civil%20penalty%20will,Central%20Collection%20Unit%20(CCU).)

2

https://static1.squarespace.com/static/5b05bed59772ae16550f90de/t/61e0ace0126a434a26bcf3f4/1642114273947/No_Exit_Report.pdf

2209 Maryland Ave · Baltimore, MD · 21218 · 410-220-0494

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Maryland Consumer Rights Coalition, Inc is a 501(c)(3) nonprofit organization and your contributions are tax deductible to the extent allowed by law.

HB 38 MdTA- Video Tolls - Collection (Healey) E&T

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Position: INFO



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
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BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 38 Maryland Transportation Authority – Video Tolls – Collection (Healey)

STATEMENT OF INFORMATION

DATE: March 3, 2022

COMMITTEE: House Environment & Transportation

SUMMARY OF BILL: HB 38 prevents the Central Collections Unit (CCU) from collecting unpaid video tolls and associated civil penalties that are recalled by Maryland Transportation Authority (MdTA); gives MdTA authority to recall delinquent video toll debt and associated civil penalties that exceed \$300 and was assessed within 30-days of the violation occurring and mitigating factors exist, as determined by MdTA; and gives MdTA authority to waive any portion of the video toll due or civil penalty assessed.

EXPLANATION: The Central Collections Unit (CCU) is a self-funded state agency within the Department of Budget and Management and is responsible for the collection of delinquent State-owed debt. CCU assesses a 17% collection fee on delinquent debts to cover its operational expense. CCU, therefore, does not receive General Funds and only recovers this fee through payment (voluntary and involuntary) from the debtor.

Much of the Maryland Transportation Authority's (MdTA) E-ZPASS debt, which is the subject of this legislation, has been in active collection since 2016, with CCU having spent significant funds on IT, billing, call centers, and staffing to properly pursue this debt collection. Any debt recalled from CCU by MdTA results in CCU losing money associated with the costs incurred for debt collection prior to recall, thereby disrupting CCU's business model as a self-funded agency.

Once debts are assigned to CCU, they should not be recalled by MdTA or, at least, not without allowing CCU to recover its collection fee.

**For additional information, contact Barbara Wilkins at
(410) 260-6371 or barbara.wilkins1@maryland.gov**

HB0038 - MDTA - Video Tolls - Collection - LOI_FIN

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Position: INFO



Larry Hogan
Governor
Boyd K. Rutherford
Lt. Governor
James F. Ports, Jr.
Secretary

March 3, 2022

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

Re: Letter of Information – House Bill 38 – Maryland Transportation Authority – Video Tolls - Collection

Dear Chairman Barve and Committee Members:

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) take no position on House Bill 38 but offer the following information for the Committee's consideration.

House Bill 38 reinstates the provision that authorizes the MDTA to recall a delinquent account from the State's Central Collection Unit (CCU) if: (1) the delinquent account exceeds \$300 in unpaid video tolls and associated civil penalties; (2) the video tolls in question were assessed within a 30-day period; and (3) the MDTA determines that mitigating factors exist regarding the assessment of the unpaid video tolls and associated penalties. The legislation further authorizes the MDTA to waive any portion of the video toll due or civil penalty assessed if an account is recalled from CCU.

Reinstating the provisions of Senate Bill 973 of 2018, which abrogated on May 31, 2021, will allow the MDTA to resume the necessary flexibility to better serve customers. From mid-2013 through 2019, MDTA recalled or cancelled approximately 854,000 transactions from the CCU, totaling almost \$46 million. Of this amount, \$39.3 million of unpaid tolls and civil penalties were dismissed and \$5.8 million were paid.

Since 1971, the MDTA has been responsible for constructing, managing, operating, and improving the State's eight toll facilities, as well as financing new transportation projects under its purview, such as the Governor Harry W. Nice/Senator Thomas "Mac" Middleton Bridge in Charles County. The MDTA is entirely reliant on tolls collected from its users as the MDTA does not receive any state General Fund or Transportation Trust Fund dollars and is governed by an eight-member Board with the Secretary of Transportation serving as Chair.

The Maryland Department of Transportation and the Maryland Transportation Authority respectfully request the Committee consider this information when deliberating House Bill 38.

Respectfully submitted,

Brad Ryon
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Maryland Transportation Authority
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Director of Government Affairs
Maryland Department of Transportation
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