

HB0175_FAV_JOTF.pdf

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Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF House Bill 175:

Maryland Transportation Authority – Program for Payment of Unpaid Video Tolls

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 175** as a means to ensure that residents not only have access to, but are notified of their eligibility for, a program to resolve unpaid video tolls and related civil penalties.

According to the official MDTA [website](#), Video Tolling (sometimes referred to as video billing) is a form of electronic toll collection, which uses still images of a vehicle's license plate to identify a vehicle liable to pay a toll. The image is captured as the vehicle drives under the gantry or through a toll plaza at a toll-collection facility. This system has been highly successful historically, however, due to technical challenges created by changing vendors and COVID-19 policies which led many Marylanders to confusion, overbilling and the accumulation of charges, without the drivers knowledge, video tolling has quickly become quite financially burdensome. To begin to ease this burden, the Maryland Transportation Authority Board has approved a new plan that establishes a grace period for unpaid tolls, waiving civil penalties for anyone who pays their outstanding bills in full beginning February 24th and ending Dec. 1st, [2022](#).

The extra nine months to settle any outstanding toll bills, although a welcome temporary reprieve, is not enough of a permanent solution to solve the ongoing confusion and financial challenges accrued over the course of deferment due to the continued toll charges and the lack of billing that followed for customers who did not possess an EZ-Pass. Additionally, according to John Sales, an agency spokesman, this issue has led to an approximate \$39 million in unpaid invoices - a significant amount of which was accrued between March 2020 and October [2020](#). Furthermore, the MDTA has made it very clear that the grace period is not a forgiveness of unpaid tolls, but is an attempt to allow customers to catch up on their payments without accruing any further penalties. The grace period is a welcome sign of relief for many Marylanders with unsettled toll payments, however, the charges each come with an individual \$25 citation, adding to the problem further - especially for those with fixed and or low incomes who have accrued hundreds if not thousands of dollars in video toll violations.

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

By establishing a program for residents to resolve unpaid video tolls and related civil penalties, including the stipulation that a resident must be notified of their eligibility for the program, and authorizing a monthly installment plan, **House Bill 175**, will provide Marylanders a means to pay off their outstanding account balances in a way less financially burdensome to them. Additionally, the current stipulations of the bill to waive 70% of delinquent video tolls and related penalties that became delinquent before July 1, 2022, and the requirement of residents to obtain an EZ-Pass by June 30, 2024, will also help alleviate the current financial burden residents have while ensuring that this issue will not happen again. For these reasons, we urge a favorable vote on **House Bill 175**.

For more information, contact:

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HB175 MCRC Testimony 2022.pdf

Uploaded by: Isadora Stern

Position: FAV

**Testimony to the House Environment & Transportation Committee
HB 175: Maryland Transportation Authority – Program for Payment of Unpaid Video Tolls
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 HB 175 and its goal to reduce the number of residents with delinquent unpaid video tolls and related civil penalties.

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.¹ 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. Video toll costs penalize the poor and exacerbate a vicious cycle of poverty.

HB 175 would establish a Maryland Transportation Authority (MDTA) administered program to incentivize and enable Maryland residents to resolve unpaid video tolls and related civil penalties. The program would waive 70% of a resident's delinquent fees and support the resident's transition to E-ZPass billing.

The program also provides a payment plan option for drivers struggling to pay off their tolls and fines. For low-income Marylanders, paying a bill or debt as a single large sum is cataclysmic for their financial well-being and often impossible. This bill adds a provision that would allow participants of the program to enroll in a monthly installment plan to pay their remaining balance.

For all these reasons, we support HB 175 and urge a favorable report.

Sincerely,

Isadora Stern
Policy Associate

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

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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 175- Maryland Transportation Authority – Progr

Uploaded by: Robin McKinney

Position: FAV



HB 175- Maryland Transportation Authority - Options for the Payment of Tolls and Civil Penalties

House Environment and Transportation Committee

March 03, 2022

SUPPORT

Chairman Barve, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 175. This bill will give drivers an opportunity to pay their video toll charges in an obtainable manner.

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 that helps them access their jobs, school, and other resources. 100% of Maryland toll road are cashless toll roads. Cashless tolls do not allow drivers to pay the toll fee while driving, so they must pay the toll by using an E-ZPass or by video tolling. The driver is supposed to be notified about the original charge, then receive a failure to pay charge (\$25 per transaction), and then be notified before their charges are sent to Maryland's Central Collection Unit (CCU). The problem is that many customers are not receiving the charges through the mail. This results in drivers being completely unaware about the charges they are accruing.

Unfortunately, there are numerous drivers who are unaware of their video toll charges until months after the original charge or until it is sent to Maryland's CCU. Since there is a fee on every transaction, fees tend to add up quickly. There will be at least two charges per trip on a toll road: one to drive to the destination and one to return. If a driver is unaware about the charges they are accruing, they can easily have 10 or more transactions in one week for using the toll roads for everyday activities. For example, one month of going to work 5 days a week can amount to \$1,000 in penalty fees.

COVID-19 has exasperated problems with driver receiving their notices. The Maryland Transportation Authority (MDTA) paused the mailing of notices for customers who used toll facilities without an E-ZPass¹. This is resulting in customers receiving hundreds of dollars in video toll fees with limited options to pay. 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 amount is sent to CCU, there are limited payment plan options. According to the Federal Reserve, **we know that many Americans would struggle to produce \$400 quickly**². This typically leads to negative credit scores, wage garnishments, and force many Maryland drivers to "toll bankruptcy."

Maryland's current video toll system is financially punitive, and a barrier to people paying their original charge. HB 175 gives drivers the opportunity to be accountable for their original amount and any associated fees in a way that is less harmful to them.

For these reasons, we encourage you to return a favorable report for HB 175.

¹ [WALB](#)

² [Federal Reserve](#)

HB 175 MdTA- Program for Payment of Unpaid Video T

Uploaded by: Barbara Wilkins

Position: INFO



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 175 Maryland Transportation Authority – Program for Payment of Unpaid Video Tolls (Krimm)

STATEMENT OF INFORMATION

DATE: March 3, 2022

COMMITTEE: House Environment & Transportation

SUMMARY OF BILL: HB 175 establishes a two-year program that requires the Maryland Transportation Authority (MdTA) to establish a program to reduce the delinquent video tolls and associated penalties of Maryland residents; MdTA is to waive 70% of the delinquent tolls and penalties that became delinquent before July 1, 2022; Maryland residents must obtain and maintain an E-ZPass until June 30, 2024 and pay the remaining balance of the delinquent account owed, after subtracting the waived amount and any Central Collection Unit (CCU) fee, within 6 months of having the 70% delinquency waived. The Program sunsets on June 30, 2024.

EXPLANATION: 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.

CCU currently has an inventory of approximately three million in-state delinquent toll violations with a value of \$192.5 million. Pursuant to the legislation, CCU would end all collection efforts on this inventory for the period of the program, which would require substantial IT efforts to accomplish. Much of this inventory has been in active collection, with CCU spending significant amounts on IT, billing, call center operations, and staffing to properly pursue collection efforts. Of the \$192.5 million outstanding delinquent debt, approximately \$33.2 million represents uncollected fees that CCU would be unable to recover. A portion of this amount would have to be recovered through a General Fund subsidy.

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

HB0175 - MDTA - Program for Payment of Unpaid Vide

Uploaded by: Patricia Westervelt

Position: INFO

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 175 – Maryland Transportation Authority – Program for Payment of Unpaid Video Tolls

Dear Chairman Barve and Members of the Committee:

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) take no position on House Bill 175 but offer the following information for the Committee’s consideration.

House Bill 175 would establish a two-year program for the payment of unpaid video tolls by Maryland residents if certain conditions are met. The legislation requires the MDTA to: (1) notify State residents at their last known address that they are eligible for participation; (2) waive 70% of a resident’s unpaid video tolls and related civil penalties that became delinquent before July 1, 2022; (3) require a resident to pay the remaining balance of unpaid video tolls and civil penalties after deducting the waived amount and State Central Collection Unit (CCU) fees; (4) after deducting the waived amount and the CCU fees, allow a resident to enroll in a 6-month installment plan to pay the remaining balance; and (5) require a resident to maintain an *E-ZPass* account until June 30, 2024.

On February 24, 2022, the MDTA Board unanimously voted to approve the MDTA Customer Assistance Plan. The plan immediately discontinues referrals of toll bills to the CCU and the MDOT Motor Vehicle Administration (MVA); establishes a civil penalty waiver grace period that waives civil penalties for all customers who pay all their unpaid tolls by 11:59 p.m. on November 30, 2022; requires the MDTA to work with the toll vendor to increase the number of customer service agents to reduce call and web chat wait times; and explore a payment plan opportunity.

As drafted, House Bill 175 does not define the term “delinquent.” However, if 70% of the outstanding tolls and penalties are eligible to be waived under the program, toll and civil penalty debt owed between the fiscal years of 2014 to 2021 to the MDTA would be reduced by \$420.3 million. House Bill 175 also excludes any provisions for reinstating the debt if the resident fails to comply with the requirements, potentially leading to the waived debt being lost regardless of resident compliance.

The MDTA makes every effort to work with customers on an individual case-by-case basis, and depending on the situation, the MDTA can waive civil penalty amount owed; since transitioning to the new tolling system in April 2021, the MDTA has waived over 174,500 civil penalties. The proposed legislation’s blanket waiver of tolls and civil penalties may result in residents avoiding payments on valid tolls; the MDTA’s Customer Assistance Plan addresses this by making payments of unpaid video tolls a condition of the civil penalty waiver.

The Honorable Kumar P. Barve
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House Bill 175 would require the MDTA to waive tolls for certain vehicles, which is in violation of the MDTA's Trust Agreement with its bondholders. Revenues from Transportation Facilities Projects are pledged as bondholder security to repay the MDTA's debt. Passage of House Bill 175 would pose a challenge if the proposed waiver causes the MDTA to fail to generate sufficient revenues to comply with the Rate Covenant, resulting in the MDTA violating the Trust Agreement.

The MDTA is estimated to incur \$350,000 in postage and related fees associated with mailing 634,000 notices advising Maryland residents of eligibility to participate in the program. Hiring four contractual positions to establish and administer the program is estimated at \$252,000 annually for the duration of the two-year program. Further, it is estimated to cost approximately \$1.9 million to modify the MDTA's existing tolling system to establish a mechanism for tracking accounts with installment plans and for vendor services to directly offer monthly installment plans in lieu of the CCU performing these activities. Revenues for the CCU fee would decline to the extent that customers choose to participate in the program, and House Bill 175 does not identify the agency responsible for the cost for the CCU fee waiver. The CCU fee waiver adds approximately \$30.1 million in lost revenue based on the \$177.0 million of outstanding customer video tolls and civil penalties referred to the CCU for Maryland residents as of January 13, 2022.

The MDTA also anticipates the program's limitation to Maryland residents will result in confusion, additional correspondence, and possible legal challenges from out-of-state customers. The costs related to additional work with out-of-state customers caused by this bill are indeterminable, but it is expected that there will be costs to the MDTA.

Since 1971, the MDTA has been a self-supporting, non-budgeted agency, governed by an eight-member Board, with the Secretary of Transportation serving as the Chair, that does not receive funding from the State's General Fund or the Transportation Trust Fund. Therefore, without adequate toll revenue, the MDTA risks its ability to finance, construct, operate, and maintain its eight toll facilities.

The MDTA is governed by a Trust Agreement with its bondholders, as allowed by statute. Revenues from Transportation Facilities Projects are pledged as bondholder security to repay the MDTA's debt. If the proposed legislation goes into effect, it could cause the MDTA to fail to generate sufficient revenues to comply with the Rate Covenant. Failure to comply with the Rate Covenant would cause the MDTA to be in default of its contractual obligations under its Trust Agreement with its bondholders. Additionally, violations of the Trust Agreement may result in a downgrading of the MDTA credit rating by the rating agencies. Other toll agencies such as the Miami-Dade County Expressway Authority (MDX) experienced bond rating downgrades due to similar interventions. 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 and the Maryland Transportation Authority respectfully request the Committee consider this information when deliberating House Bill 175.

Respectfully submitted,

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