

# **HB537\_Economic Action Maryland\_FAV (2023).pdf**

Uploaded by: Isadora Stern

Position: FAV



**Testimony to the House Environment & Transportation Committee**  
**HB537: Motor Vehicle Administration - Fines and Fees - Required Notice**  
**Position: Favorable**

February 16, 2023

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:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

We are writing in support of HB537.

HB537 expands notice to Maryland drivers of fines and fees owed to the Motor Vehicle Administration (MVA). In 2018, Economic Action Maryland released our report [No Exit: How Maryland's Debt Collection Practices Deepen Poverty and Widen the Racial Wealth Gap](#).<sup>1</sup> The report documents the ways in which numerous fines and fees, particularly local and state-owed fines, lead to a vicious cycle of debt for low-income and working families.

For too many Marylanders, the debt burden becomes unmanageable and they fall behind on their payments. Maryland law provides numerous ways for creditors to collect from indebted individuals including body attachments (an arrest warrant for debt) and garnishments. In addition to these tactics, the State also uses fines, fees, and flags on vehicle registration to compel payment of State-owed civic debt. Yet, there are few measures within Maryland that provide methods for repaying a debt in an affordable, sustainable manner that doesn't exacerbate an already fragile financial situation.

The MVA charges fines and fees for many of its services including licensing and registration. There are additional penalties for infraction of the law such as driving without a license or registration or driving uninsured. These fee structures often increase the debt overtime - requiring immediate repayment for a lower fee amount.

While HB537 does not address the affordability issue many low income drivers face when struggling to pay a fine, its expansion of notice will help alert Maryland driver's that they owe fines and fees before these fines and fees pull them deeper into debt.

For these reasons, we support HB537 and urge a favorable report.

Best,

Isadora Stern  
Policy Manager

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<https://static1.squarespace.com/static/5b05bed59772ae16550f90de/t/5d02af1fe68aa40001db920f/1560456994675/No+Exit+MCRC+Report.pdf>

# **HB 537 sponsor testimony.pdf**

Uploaded by: Matt Morgan

Position: FWA

**MATT MORGAN**  
Legislative District 29A  
St. Mary's County



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Health and Government Operations  
Committee

Chair, St. Mary's County Delegation

**THE MARYLAND HOUSE OF DELEGATES**  
ANNAPOLIS, MARYLAND 21401

February 16, 2023

Delegate Kumar Barve  
Chairman  
House Environment and Transportation Committee

**RE: HB 537 Motor Vehicle Administration - Fines and Fees - Required Notice  
Favorable with Amendment**

Dear Chairman Barve, and Members of the Committee,

Thank you for allowing me to present **HB 537 Motor Vehicle Administration - Fines and Fees - Required Notice** today.

This bill seeks to resolve instances where citizens are accruing daily fines for insurance issues, resulting in not only being surprised with a hefty fine, but also prolonged time where the insurance issue is not addressed.

For example, if a person has a proof of insurance issue, or an insurance lapse, they are at risk of accruing a fine that adds \$7.00 a day until a max fine of \$2500 is reached.

HB 537, with amendment would require the MVA in those instances, to continually notify the person being fined every 30 days. In the end, the goal is two-fold. Getting the issues resolved quickly and ensuring that a motorist is not surprised when it comes time to renew registration tags and being told they immediately owe \$2500 before they can do so.

Please give HB 537 a FAVORABLE with Amendment report.

Thank you,

A handwritten signature in blue ink that reads "Matt Morgan".

Matt Morgan  
Delegate



**HB0537-183529-01.pdf**

Uploaded by: Matt Morgan

Position: FWA



**HB0537/183529/1**

AMENDMENTS  
PREPARED  
BY THE  
DEPT. OF LEGISLATIVE  
SERVICES

13 FEB 23  
20:00:44

BY: Delegate M. Morgan

(To be offered in the Environment and Transportation Committee)

AMENDMENTS TO HOUSE BILL 537

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 5, after “a” insert “certain”.

AMENDMENT NO. 2

On page 2, in line 3, strike “**AFTER**” and substitute “**FOR A FINE OR FEE THAT ACCRUES ADDITIONAL COSTS OVER TIME, AFTER**”.

**HB0537 - MVA - Fines and Fees - OPP FINAL.pdf**

Uploaded by: Patricia Westervelt

Position: UNF



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February 16, 2023

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

***RE: Letter of Opposition – House Bill 537 – Motor Vehicle Administration - Fines and Fees - Required Notice***

Dear Chair Barve and Committee Members:

The Maryland Department of Transportation (MDOT) respectfully opposes House Bill 537, which establishes burdensome, costly, and redundant requirements of repetitive mailing notices for outstanding fines owed by customers of the Motor Vehicle Administration (MVA).

House Bill 537 would mandate the MVA to mail a notice every 30 days after the initial notice of a fine is assessed. The MVA would be required to provide these notices until the customer has resolved the fine, even if the MVA refers the account to the Central Collections Unit (CCU) after repeated failures to pay.

The MVA presently sends multiple notices to customers at scheduled intervals when fines are assessed. While the specific timeline of how many and when these notices are sent can vary by case, insurance compliance fines, for example, send three written notices by mail in addition to a courtesy email notice for customers who have an email address on file prior to even establishing a case when a cancellation is received from an insurance company. Between February 1, 2021, and February 1, 2023, over 55% of insurance compliance cases were resolved with the first notice. Over 25,000 cases that received a second or third notice before being resolved were attributed to a situation where additional mailed notices would have likely had little effect due to the customer being away from home for an extended period of time or were the result of a death.

Further, once a case is referred to CCU, a customer must arrange payment with the CCU. At this point, the account is transferred to CCU, and the MVA is unable to accept payment. House Bill 537 does not account for this change in ownership and would require the MVA to continue sending notices to customers of their outstanding balances now owed to CCU. This would likely cause great confusion for customers now receiving notices from two entities about the same balance and could result in customers contacting the MVA to try and make payment on an account now solely managed by CCU.

Finally, House Bill 537 would impose an enormous financial burden on the MVA. It would require the administration to mail out additional notices at a cost of almost \$3.2 million per year. By comparison, insurance compliance fines have over 70% of cases assessed to a customer with an email account on file with the MVA. The MVA regularly modifies the number and timing of

The Honorable Kumar P. Barve  
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notices to customers to respond to changing environment and customer feedback. By allowing the administration to utilize a suite of communication tools, such as electronic mail, the MVA would have flexibility to send a higher frequency of notices. This is particularly important in instances where customer may cite issues with United State Postal Service delivery failures or may have failed to update their physical address in with the administration because increased mailings will continue to encounter such hurdles with no improved success in reaching the customer.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant House Bill 537 an unfavorable report.

Respectfully submitted,

Christine E. Nizer  
Administrator  
Maryland Motor Vehicle Administration  
410-787-7830

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