

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 281

(Senator Waldstreicher)

Judicial Proceedings

Motor Vehicle Registration - Suspension for Failure to Pay Video Toll - Repeal

This bill repeals the authority of the Motor Vehicle Administration (MVA) to suspend the registration of a motor vehicle because the registered owner of the vehicle incurred a toll violation and failed to pay the toll and any associated civil penalties. The bill also makes conforming changes to other provisions relating to the enforcement of toll violations.

Fiscal Summary

State Effect: Nonbudgeted revenues may decrease to the extent that the bill results in fewer outstanding tolls and civil penalties collected by the Maryland Transportation Authority (MDTA). Special fund expenditures and revenues for the Central Collection Unit (CCU) increase correspondingly to the extent that additional toll and civil penalty debt is referred to and collected by CCU. General fund revenues may increase due to reversions from CCU.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law/Background:

Toll Highways in the State

Since 1971, MDTA has been responsible for constructing, managing, operating, and improving the State's toll facilities and for financing new revenue producing transportation

projects. MDTA has the authority to set tolls on transportation facilities projects under its supervision. MDTA's transportation facilities projects primarily include bridges, tunnels, and toll highways, such as the Chesapeake Bay Bridge, the Baltimore Harbor Tunnel, the Intercounty Connector, and the John F. Kennedy Memorial Highway.

Video Tolling and Toll Violations at Maryland Transportation Authority Facilities

A motor vehicle incurs a video toll when the vehicle passes through an MDTA toll facility but does not pay the toll using cash or an E-ZPass. MDTA is required to send the registered owner of a motor vehicle that has incurred a video toll a notice of toll due. The owner then has 30 days to pay the toll amount. An owner who fails to pay the amount due is subject to a civil citation and civil penalty. The civil penalty must be set by MDTA through regulations and is currently \$50.

Chapter 122 of 2015 significantly altered the video tolling collection and toll violation process to allow more flexibility for motorists who incur a video toll, beginning in fiscal 2016. Among other things, Chapter 122 does not allow MDTA to assess a civil citation until 15 days after the toll violation occurs (a toll violation occurs 30 days after the notice of toll due is issued if a person does not pay the video toll by that date). Chapter 122 also authorizes MDTA to waive any portion of a video toll due or civil penalty assessed for a toll violation until the debt is referred to CCU.

Civil Citations and Suspension of Vehicle Registration

A person who receives an MDTA citation for failure to pay a toll (a toll violation) must either pay the toll and penalty in the allotted timeframe or elect to go to court. If a person fails to elect to stand trial or pay the prescribed video toll and civil penalty, is adjudicated to be liable after trial, or fails to appear at a trial after having elected to stand trial, MDTA may (1) collect the video toll and the civil penalty by any means of collection as provided by law and (2) notify MVA.

MVA must refuse to renew or suspend the registration of any motor vehicle incurring an electronic toll violation if notified by (1) MDTA that a registered owner has been served with a citation and has failed to pay a toll and civil penalty for the toll violation or has failed to contest liability for the toll violation within the time or in the manner specified in the citation or (2) MDTA or the District Court that a person who elected to contest liability for a toll violation failed to appear for trial or was found guilty of the toll violation and failed to pay the toll and penalty costs.

MDTA advises that in practice, it flags a registration for nonrenewal when the vehicle's license plate has one outstanding transaction or less than \$1,000 in unpaid tolls and penalties and that it flags a registration for suspension when the vehicle's license plate has \$1,000 or more in unpaid tolls and penalties.

Vehicle Registrations and Toll Violations in Other States

Maryland is one of three states (including Kentucky and South Carolina) that authorizes both the suspension/revocation and nonrenewal of vehicle registrations for unpaid tolls. Sixteen other states authorize the nonrenewal of vehicle registrations for unpaid tolls, and five other states (Maine, New York, Pennsylvania, New Jersey, and Illinois) authorize the suspension/revocation of vehicle registrations for unpaid tolls.

State Fiscal Effect:

Maryland Transportation Authority

The bill's repeal of MVA's authority to suspend a vehicle registration when the vehicle owner incurs a toll violation and does not pay the toll and associated civil penalty may result in fewer of these revenues being collected overall, specifically from toll violators that have amassed significant amounts of unpaid tolls and revenues. Therefore, nonbudgeted revenues decrease to the extent that the bill results in fewer outstanding tolls and penalty revenues being collected. Even so, MDTA has other means of enforcement (such as registration nonrenewal and referral to CCU) and the extent to which the loss of this enforcement tool affects MDTA's total collections is unclear.

For illustrative purposes only, MDTA advises that since the motor vehicle suspension program began in January 2015, it has resolved nearly 770,000 unpaid transactions by issuing suspension warning letters and flagging vehicle registrations, collecting a total of \$14.5 million in unpaid tolls and penalties.

Central Collection Unit

MDTA is required to send its delinquent toll and penalty debt to CCU for collection and, therefore, CCU is likely to be referred additional debts by MDTA depending on the bill's effect on its collection rate. In addition, CCU recovers its operating expenses by assessing and collecting a 17% fee in addition to and for the debts that it is assigned. Therefore, special fund expenditures increase for CCU to send notices and work to collect the additional debt and special fund revenues increase correspondingly as the debt is collected; however, the magnitude of any such impact cannot be reliably estimated at this time.

Furthermore, any special fund balance for CCU in excess of 15% of the unit's actual operating expenses reverts to the general fund. Therefore, general fund revenues may increase as additional debt is collected; however, the magnitude of any such impact cannot be reliably estimated at this time.

For illustrative purposes only, CCU collected approximately \$15.2 million in outstanding tolls and civil penalties in fiscal 2018.

Additional Information

Prior Introductions: None.

Cross File: HB 870 (Delegate Carr) - Environment and Transportation.

Information Source(s): Maryland Department of Transportation; Department of Budget and Management; Department of Legislative Services

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sb/lgc

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