



Maryland Consumer Rights Coalition

**Testimony to the House Environment & Transportation Committee**  
**HB1178: Vehicle Laws – Fines – Pilot Project for Income-Based Fines**  
**(Fair Fines Act of 2020)**  
**Position: Favorable**

February 27, 2020

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 HB1178.

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 looks at the current debt collection processes in Maryland and provides a series of recommendations to ensure that financially fragile households have the opportunity to repay their debts in a sustainable and affordable manner.

Our report documents numerous instances when an individual falls into a vicious cycle of debt due to fines or fees that are unaffordable for low-income households. The majority of the clients that MCRC sees in our financial coaching and counseling program earn less than \$20,000 a year. For these clients, a \$1000 fine is 5% of their annual income.

As poverty increases across Maryland, the United Way's ALICE (Asset Limited, Income Constrained, Employed) report found that poverty increased 22% between 2005-2016. A 2020 report from the Urban Institute found that as the cost-of-living has skyrocketed and consumer debt has soared, one in three Maryland residents have a debt in collection, with 40% of those debts found in communities of color.



One of the recommendations in our report, *No Exit*, was to establish a day fines, or proportional fine, pilot program. A *Day Fine* program takes into account both the severity of the offense and the income of the offender.

HB1178 creates a Fair Fines pilot program which establishes a proportional, income-based, fee schedule for violations. Wealthier individuals will pay a higher fine while low-income individuals will pay a smaller fine, or no fine. All individuals will have the opportunity to participate in community service in lieu of paying a fine.

Day fines provide a relative equal burden of punishment on all offenders, regardless of their wealth (or lack thereof). If a fine is supposed to be a deterrent, to prevent future violations, then it must be consequential. For wealthy violators, a fine may be inconsequential and may do little to prevent future transgressions, while conversely, the same fee may lead to a financial catastrophe for a low-income person. Day fines create 'fine equity' and by establishing fairer fines, may prevent the wealthy from 'buying' the right to transgress.

HB1178 is modeled on successful programs in several European countries as well as experiments in Staten Island; Polk County, IA; Maricopa county, AZ; and Milwaukee, WI. In all of these cases, the average amount of fines collected increased and the rate of payment increased. Using day-fines, full payment of fines increased by 40 percent in several locations. Day fines have the potential to increase revenue for the General Fund by increasing the level of compliance by relating the fines to the ability to repay as well as by increasing the average of imposed fines due to wealthier offenders. Finally, day fines, by increasing compliance with payment will reduce court time and costs associated with pursuing individuals who cannot afford to pay their fines.

For all these reasons, we support HB1178 and urge a favorable report.

Best,

Marceline White  
Executive Director