

HB29_Carr_Fav(Senate).pdf

Uploaded by: Al Carr

Position: FAV

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Committee

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Health Occupations and
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The Maryland House of Delegates
ANNAPOLIS, MARYLAND 21401

Sponsor Testimony in SUPPORT of House Bill 29

Vehicle Laws - Failure to Pay Video Toll - Penalties

March 30, 2022

House Bill 29 is an emergency bill that would repeal MDTA's ability to refer a motor vehicle registration to the MVA for suspension for video toll debt. Referring to the MVA to flag for nonrenewal would still be allowed. The bill also includes language to require a performance audit of MDTA's electronic toll collection practices including the procurement that contributed to our current state of dysfunction. This is similar to the General Assembly's approach in 2019 to the University of Maryland Medical System (UMMS) scandal.

Maryland is an outlier in allowing the suspension of vehicle registrations for video toll debt which contributes to the criminalization of poverty. A better practice, used successfully in many states, is to simply flag the registration for non-renewal. As of January 2020, before the pandemic, the tags of 3,983 Marylanders were suspended for toll debt.

In 2020, MDTA created its own perfect storm by deciding to permanently implement state-wide cashless tolling not long after switching vendors and pausing the mailing of video tolls and ICC E-ZPass transactions. The resulting dramatic increase in backlogged toll transactions hitting drivers underscores the importance of fixing this policy.

I ask for your favorable report.

MVA Vehicle Flags

	<i>Data as of January 16, 2020</i>		
A	Vehicles with valid registration		5,192,523
B	Vehicles with unexpired registration non-renewal flags (includes suspensions)		362,735
C	Vehicles with unexpired registration flagged as suspended		
	By Category		Unique across categories
	<i>Due to ICD</i>	<i>19,718</i>	117,178
	<i>Due to VEIP</i>	<i>93,477</i>	
	<i>Due to Tolls violation</i>	<i>3,983</i>	
	Non-renewal Flags		
1	Jurisdiction related flags		715,900
	<i>Parking</i>		127,554
	<i>Red Light</i>		163,068
	<i>Speed Camera</i>		299,507
	<i>School Bus Camera</i>		7,582
	<i>Tolls</i>		118,189
2	VEIP related flags		210,882
3	Insurance Compliance flags		89,388
4	Title related flags		8,715
5	Soundex Flags		195,594
	(i.e. Insurance Compliance, Comptroller etc.)		
6	Other		12,496
	Total Flags		1,232,975

Crossfile HB29 MCRC Testimony 2022.pdf

Uploaded by: Isadora Stern

Position: FAV



Maryland Consumer Rights Coalition

Testimony to the Senate Judicial Proceedings Committee
HB0029: Vehicle Laws – Failure to Pay Video Toll – Penalties
Position: Favorable

March 30, 2022

The Honorable Will Smith, Chair
Senate Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, MD 21401
cc: Members, Judicial Proceedings Committee

Honorable Chair Smith 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 HB0029.

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.

HB0029 will eliminate registration suspension as a possible repercussion for drivers who fail to pay a video toll. Suspending registration is overly punitive and may have devastating effects on low-income

1

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



Maryland Consumer Rights Coalition

drivers. Driving without registration is a hefty \$500 fine and may lead to potential restrictions on an individual's driver's license. Low-income Marylanders who owe a traffic citation, or judgement, risk the suspension of their registration due to an inability to pay the citation- in other words, due to poverty. Loss of registration means an individual may no longer be able to get to work and may lose their job; thus making it more difficult to pay their bills and other debts.

MCRC clients who work with us on financial counseling or tenant advocacy have a median income of \$20,000- for these individuals, an unexpected bill whether it is \$50 or \$500 is unaffordable and cataclysmic for their financial well-being. The threat of registration suspension added to this already devastating financial burden makes it nearly impossible to pay traffic tickets or other state fines that may have been the cause of the suspended registration to begin with.

This negative cycle and criminalization of poverty must come to an end. For all these reasons, we support HB0029 and urge a favorable report.

Sincerely,

Isadora Stern
Policy Associate

Community Action Board Testimony_HB29.pdf

Uploaded by: Leslie Frey

Position: FAV



Testimony in Support of HB29

Vehicle Laws – Penalties for Failure to Pay Video Toll and Electronic Tolling Performance Audit Wednesday, March 30, 2022

TO: The Honorable William C. Smith, Jr., Chair; The Honorable Jeff Waldstreicher, Vice Chair; and Members of the Senate Judicial Proceedings Committee

FROM: Tiffany Jones, Chair, Montgomery County Community Action Board

The Montgomery County Community Action Board, the County's federally designated anti-poverty group, supports HB29, which addresses a policy that disproportionately impacts lower-income residents. This bill would prohibit the Motor Vehicle Administration from suspending a person's car registration for failure to pay a video toll fine.

Here in Montgomery County, where the cost of living is so high, video toll fines are just one of many challenges facing lower-income residents. The Self-Sufficiency Standard, which measures the actual cost of living in a given geographic location, for a Montgomery County family of three with one adult, one infant, and one preschooler, is over \$103,000 – more than three times the County's minimum wage income.¹ Individuals who are struggling to pay for basic necessities such as housing, childcare, and food, are likely unable to pay for fines received from video tolls. Having one's vehicle registration suspended perpetuates the problem by potentially causing drivers to lose jobs that require long commutes, especially when no public transportation options are available, and by causing these drivers to incur costs associated with reinstating a suspended car registration.

This issue is exacerbated for many lower-income people who need to move frequently due to lack of affordable housing and may not receive bills in the first place. This is also an equity issue for diverse areas such as Montgomery County where over 40% of residents five and older speak a language other than English at home. Many of these drivers may not be able to read English well enough to carefully review video toll fines they receive in the mail.²

By preventing the MVA from suspending vehicle registrations for failure to pay such fines, HB29 would help to break the cycle of poverty for many lower-income Marylanders. We strongly encourage the Committee to pass HB29.

¹ Self-Sufficiency Standard <http://www.selfsufficiencystandard.org/>

² American Community Survey <https://www.census.gov/>

HB 29- Vehicle Laws - Penalties for Failure to Pay

Uploaded by: Robin McKinney

Position: FAV



HB 29 - Vehicle Laws - Penalties for Failure to Pay Video Toll and Electronic Tolling Performance Audit
Senate Judicial Proceedings Committee
March 30, 2022
SUPPORT

Chair Smith, Vice-Chair, and members of the committee, thank you for the opportunity to provide testimony in support of House Bill 59. This bill addresses consequences on Maryland drivers received through penalty from video toll violations that will exacerbate financial hardships and add a level of accountability to Maryland Transportation Authority (MDTA).

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, and 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. According to the Federal Reserve, we know that **many Americans would struggle to produce \$400 quickly**¹. This typically leads to negative credit scores, wage garnishments, and force many Maryland drivers to "toll bankruptcy."

The practice of suspending motor vehicle registration is harmful to drivers in many aspects. It will limit their access to healthcare, education, food, and other resources. This punishment limits a workers' ability to go to work. This will in turn limit that worker's ability to pay their fines.

This bill addresses this by:

- Repealing the requirement that the Motor Vehicle Administration, under certain circumstances, suspends the registration of a motor vehicle that incurs a certain toll violation, and
- Requiring MDTA to submit an audit of MDTA's electronic tolling operations.

For these reasons, we encourage a favorable report on House Bill 29.

¹ [Federal Reserve](#)

HB0029 - MDTA - Failure to Pay Video Tolls - LOI_F

Uploaded by: Patricia Westervelt

Position: INFO

March 30, 2022

The Honorable William C. Smith, Jr.
Chairman, Senate Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, MD 21401

Re: Letter of Information – House Bill 29 – Vehicle Laws – Failure to Pay Video Toll and Electronic Tolling Performance Audit

Dear Chairman Smith and Members of the Committee:

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) takes no position on House Bill 29 but offers the following information for the Committee's consideration.

House Bill 29 proposes to repeal the requirement for the Maryland Department of Transportation Motor Vehicle Administration (MDOT MVA) to suspend the registration of a vehicle for failure to pay outstanding tolls and civil penalties. For Maryland drivers, this could result in a disadvantage by prolonging the amount of time customers have to accumulate toll debt, leading to higher debts before cases are resolved. House Bill 29, as amended, also requires the MDTA to competitively bid for a certified public accounting firm to conduct a performance audit of the electronic tolling operations of the MDTA. **The proposed audit is duplicative of recent, ongoing, and future audits of the agency, presents an unfeasible timeframe, and severely restricts the pool of qualified firms which would be eligible for such an audit.**

The MDTA operates the toll facilities in Maryland, with tolls being collected through a combination of electronic toll collection and video toll collection. When a customer passes through a toll facility and fails to pay an electronic toll with an *E-ZPass* transponder, video images are captured of the vehicle license plate. The images are reviewed so that the vehicle is either matched with an existing *E-ZPass* account, Pay-by-Plate payment method, or the registered owner is mailed a video toll invoice (Notice of Toll Due or NOTD) at the address on file with the MDOT MVA. The NOTD is not a fine or citation, but rather a way for non-*E-ZPass* customers to pay a toll.

Existing statute provides three measures designed for recouping past due tolls – civil penalties, flagging or suspending vehicle registrations, and referrals to the Central Collection Unit (CCU). A motorist will only receive a citation if they fail to pay a NOTD within 45 days. A motorist must pay the citation (the toll and penalty) in the allotted timeframe or contest the toll in court. If a person (1) fails to elect to stand trial or pay the prescribed video toll and civil penalty, (2) is adjudicated to be liable after trial, or (3) fails to appear at a trial after having elected to stand trial, the MDTA may refer the case to the MDOT MVA for suspension of or refusal to renew the vehicle's registration.

The MDTA is committed to responding to customers and resolving any outstanding *E-ZPass* concerns. Over the last few years, the MDTA has taken significant steps to improve its customer service, especially in assisting customers with resolving their toll debt. To both work with the requests of the Legislature and meet Governor Hogan's goal of reducing tolls and fines, the MDTA Board developed a plan that reduces civil penalties while maintaining equity and fairness for those who pay their tolls as required.

In March 2020, the MDTA Board unanimously voted to lower the civil penalty for all toll violations to \$25, which took effect on July 1, 2020.

It has been demonstrated that individuals with high toll debt will continue to amass multiple fines for failing to pay tolls. Consequently, repealing the MDOT MVA's ability to suspend the vehicle registration when an individual has reached the \$1,000 threshold will only exacerbate the outstanding amount of toll debt owed, increasing the likelihood that the customer's account will be referred to CCU, where they will be charged the additional 17% collection fee. Furthermore, the MDTA's ability to work directly with the customer to resolve their outstanding debt is greatly limited after referral to CCU. The current system in place serves, not only as an incentive to pay tolls in a timely manner, but also functions as an opportunity for customers to pay their debt before being faced with additional charges.

House Bill 29 would eliminate the opportunity to interact with customers who have unpaid toll debts. The ability to flag or suspend a vehicle owner's registration for non-renewal is an important tool that helps to address habitual toll evaders. By the time a request is made to suspend a vehicle registration, the vehicle owner has received numerous notices of the toll amount due, including the opportunity to contest the case in District Court. Since 2014, the MDTA has recouped \$31.7 million in outstanding unpaid tolls and penalties as a result of the suspension program and customers' awareness of the program. Customers often seek early resolution of unpaid tolls and penalties with MDTA to avoid escalation to the registration suspension program.

Eliminating the ability to suspend the registration of a vehicle for failure to pay outstanding tolls and civil penalties will extend the duration of delinquency and size of the debt. The Commercial Collection Agencies of America found "that the probability of full collection on a delinquent account drops drastically according to the length of delinquency." Consequently, House Bill 29 is detrimental to the customer by allowing more sizeable debt to accrue and to the MDTA by reducing the likelihood of full debt collection.

The legislation also establishes an unrealistic timeframe of May 15, 2022 to successfully competitively procure independent auditors that have not previously provided any services to the MDTA to conduct a performance audit of MDTA's electronic tolling operations, evaluate the efficiency and effectiveness of tolling operations and customer service practices, including revenue collection, leakage analysis, and procurement and contracting processes and issue a report by December 31, 2022. Restricting the solicitation to only include independent accounting firms that have not provided audit services to the MDTA is unnecessary due to the independent requirements imposed on auditors by the Financial Accounting Standards Board (FASB) and Government Accounting Standards Board (GASB) and significantly limits the number of viable accounting firms and thereby stifles competition.

Although the legislation is categorized as emergency, the MDTA cannot procure the independent auditing services under the emergency procurement regulations on a competitive basis as time does not permit such competition. An alternative method of procurement is to issue a Task Order Request For Proposal (TORFP) against the Department of Budget and Management Auditing Services Master Contract (ASMC). However, this approach also has significant limitations as the MDTA is regularly audited by numerous independent auditors. Nearly 40% of the independent auditors on the ASMC would be precluded from bidding.

Independent accounting firms are precluded from engaging in audits in which their independence is impaired, including the perception of a lack of independence. Failure to adhere to these widely accepted, stringent standards would jeopardize the auditors license and business vitality. The MDTA supports allowing the independent auditors to be accountable to the FASB and GASB independence rules rather than stifle competition and penalize local independent accounting firms merely because the auditors have provided independent attestation audits for the MDTA.

It is estimated to cost \$300,000 to obtain a certified public accounting firm to conduct a performance audit of the MDTA's electronic tolling operations. Additionally, the requirements for the audit firm to coordinate with the Joint Audit Committee (JAC) and Office of Legislative Audits (OLA) in the development of the scope and objectives of the performance audit will require the scope of the procurement to be undefined and open-ended, resulting in limited competition and higher costs to comprehensively cover all possible audit services associated with tolling operations and customer service. Furthermore, the duration of the audit is already on a very compressed schedule, and so the coordination requirement will further compress the schedule and escalate the associated costs to complete the undefined scope.

Lastly, the proposed audit is redundant in nature to the fiscal compliance audit that was conducted and published by the OLA in September 2021, as well as the special review of the MDTA's electronic toll collection, billing, and customer service processes that were initiated by OLA on February 17, 2022. Additionally, other similar audit requests have been proposed by the General Assembly during the 2022 legislative session. These include budget committee narrative requiring an accuracy study of the MDTA's tolling equipment and occurrences of customer overbillings and budget bill language restricting funds for policing services until the MDTA conducts a performance audit to evaluate the efficiency and effectiveness of the *E-ZPass* tolling program. The requirements contained in House Bill 29, as amended, are duplicative and will prohibit any firm that has provided services to the MDTA from bidding on the audit contract. As such, the audit provisions of the proposed legislation will significantly reduce the pool of available auditing firms and limit competition.

Since 1971, the MDTA has been responsible for constructing, managing, operating, and improving the State's toll facilities, as well as for financing new transportation projects under its purview, such as the Governor Harry W. Nice/Senator Thomas "Mac" Middleton Bridge in Charles County. The agency does not receive any State General Fund or Transportation Trust fund dollars and is instead entirely reliant on tolls collected from its users. In accordance with the MDTA's Trust Agreement with bondholders, toll revenues are first pledged to pay operating expenses, including debt service for bonds that are used to fund major transportation projects at existing and new facilities.

The Maryland Department of Transportation respectfully requests the Committee consider this information as it deliberates House Bill 29.

Respectfully submitted,

Bradley Ryon
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Maryland Transportation Authority
410-387-5253

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