

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1465 (Delegate Stewart)
Environment and Transportation

Transportation-Related Fines and Tolls - Income-Based Installment Payment
Plans

This bill requires (1) the Maryland Transportation Authority (MDTA) to establish an income-based installment payment plan program for the payment of certain video tolls and civil penalties and (2) the Maryland Department of Transportation (MDOT) to establish an income-based installment payment plan program for the payment of certain traffic violation fines. A person is eligible to apply to participate if the person accumulates at least \$250 in unpaid video tolls and civil penalties (for MDTA's program) or outstanding fines (for MDOT's program). MDTA and MDOT may refer outstanding tolls, penalties, or fines that have not been paid in accordance with a payment plan to the Central Collection Unit (CCU) within the Department of Budget and Management. MDTA and MDOT must adopt related regulations.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) and nonbudgeted expenditures increase, likely significantly, beginning in FY 2026 to implement the programs; total expenditures may exceed \$1.0 million annually. General fund expenditures for the Judiciary increase by at least \$261,100 in FY 2026 for computer programming; the Judiciary may incur additional administrative costs. General fund revenues may increase beginning in FY 2026 to the extent that additional outstanding fines are collected. The bill's effect on nonbudgeted revenues and CCU finances cannot be estimated, as discussed below.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary:

Maryland Transportation Authority

MDTA must establish an income-based installment payment plan program. A person that accumulates unpaid video tolls and civil penalties of at least \$250 may apply to participate in the program. If a person enters into an income-based installment payment plan but fails to pay the outstanding video tolls and civil penalties in accordance with the plan, MDTA may refer the amount of the unpaid tolls and penalties to CCU.

MDTA must adopt regulations to establish:

- income eligibility and verification requirements for the program;
- the number and type of installment payment options available under the program;
- an application process for participation in the program;
- a process for reporting a person who fails to make the required installment payments in a timely manner in accordance with the person's payment plan; and
- any other regulations necessary to administer the program.

The bill also limits MDTA's authority to recall a delinquent account from CCU; under the bill, MDTA may recall a delinquent account if other existing requirements under current law are met *and* MDTA approves an income-based installment payment plan for the account.

The bill makes conforming changes to other provisions that govern MDTA's imposition and collection of video tolls and civil penalties.

Maryland Department of Transportation

MDOT must establish an income-based installment payment plan program. A person that accumulates at least \$250 of fines for violations of the Maryland Vehicle Law may apply to participate in the program. If a person enters into an income-based installment payment plan but fails to pay the outstanding fines in accordance with the plan, MDOT may refer the amount of the unpaid outstanding fines to CCU.

MDOT must adopt regulations to establish:

- income eligibility and verification requirements for the program;
- the number and type of installment payment options available under the program;

- an application process for participation in the program;
- a process for reporting a person who fails to make the required installment payments in a timely manner in accordance with the person's payment plan; and
- any other regulations necessary to administer the program.

The bill makes conforming changes to other provisions that govern violations of the Maryland Vehicle Law.

Current Law:

Maryland Transportation Authority and Video Tolling

Since 1971, MDTA has been responsible for constructing, managing, operating, and improving the State's toll facilities (for example, the Chesapeake Bay Bridge and the Governor Harry W. Nice Memorial/Senator Thomas "Mac" Middleton Bridge) and for financing new revenue-producing transportation projects. MDTA is a nonbudgeted State agency, meaning that its budget is not subject to the General Assembly's appropriation process.

MDTA must send the registered owner of a motor vehicle that uses one of MDTA's toll facilities without paying the toll in some other manner a notice of toll due to inform the owner that they are liable for a video toll. Generally, a person who receives a notice of toll due has 30 days to pay the video toll. If a person does not pay the video toll by the date stated on the notice, the person is subject to a civil citation and civil penalty for a toll violation. The civil penalty must be set by MDTA [through regulation](#) and is currently \$25.

A person that receives a citation for a toll violation may either pay the video toll and the civil penalty directly to MDTA or elect to stand trial for the alleged violation. If a person fails to pay the toll and penalty, fails to elect to stand trial, is adjudicated to be liable after trial, or fails to appear at trial after having elected to stand trial, MDTA or its duly authorized agent may (1) collect the video toll and the civil penalty by any means of collection authorized by law and (2) notify the Motor Vehicle Administration (MVA) of the failure to pay the toll and penalty. Once notified by MDTA, MVA must refuse or suspend the registration of the motor vehicle. No additional hearing or proceeding is required before MVA takes such action.

MDTA may refer a delinquent account for unpaid video tolls and associated civil penalties to CCU for collection. MDTA may recall a delinquent account from CCU if (1) the delinquent account exceeds \$300 in unpaid video tolls and associated civil penalties; (2) the tolls in question were assessed within a 30-day period; and (3) mitigating factors exist with respect to the assessment of the unpaid tolls and penalties, as determined by MDTA. Until MDTA refers the debt to CCU or after MDTA has recalled a delinquent

account from CCU, MDTA may waive any portion of the video toll due or civil penalty assessed.

Installment Payment Plans for Unpaid Video Tolls and Civil Penalties

MDTA is in the process of establishing an installment payment plan program similar to the program required by the bill. While MDTA has already adopted regulations to establish its [installment payment plan program](#), the program has not yet been implemented.

Under the regulations, MDTA may offer any person alleged to be liable for payment of unpaid video tolls and associated civil penalties that total at least \$300 the option to make monthly installment payments until the total amount is paid. MDTA may waive any portion of the associated outstanding civil penalties. If liquidation by installment payments requires more than three years, then the debt may be referred as a delinquent account to CCU. Also, if a person fails to make payment or defaults on the terms of an installment plan, MDTA may terminate the installment plan, resulting in a final toll violation. MDTA is not required to offer alternative payment plans if a person defaults on the installment payments. MDTA may use any legal action available to collect.

Maryland Vehicle Law and Citations for Traffic Violations

Titles 11 through 27 of the Transportation Article (the Maryland Vehicle Law) statutorily regulate the use of vehicles on the State's roads and highways. Among numerous other requirements and provisions, the Maryland Vehicle Law (1) grants general regulatory authority of vehicles in the State to MVA (which is a modal unit within MDOT); (2) specifies the types of vehicles that must be titled and registered with MVA; (3) specifies that an individual must be appropriately licensed to operate a motor vehicle on a road or highway in the State; and (4) specifies the rules of the road that must be followed when a person is operating a vehicle on a road or highway in the State.

A police officer may charge a person with a violation of the Maryland Vehicle Law if the officer has probable cause to believe that the person has committed or is committing a violation. A police officer must issue a traffic citation and provide a copy to the person being charged. The traffic citation must include specified information. Among other things, in general, unless the violation requires the person to appear in court, the citation must include a notice informing the person that within 30 days after the receipt of the citation, the person must:

- pay the full amount of the preset fine;
- enter into an installment payment plan with the court (if the defendant has at least \$150 in outstanding fines and is otherwise qualified to enter into a payment plan);
- request a hearing regarding sentencing and disposition in lieu of a trial; or

- request a trial date at the date, time, and place established by the District Court by writ or trial notice.

The notice must also state that (1) if the person fails to comply within 30 days after the receipt of the citation, MVA will be notified and may take action to suspend the person's driver's license and (2) driving on a suspended license is a criminal offense for which the person could be incarcerated.

If a person fined under the Maryland Vehicle Law does not pay the fine or enter into a payment plan with the court, the court may either (1) refer the amount of the unpaid outstanding fine to CCU or (2) process the unpaid outstanding fine as it would otherwise process outstanding fines owed the court. The court must provide notice to the person of the disposition of the unpaid outstanding fine in the same manner required for other outstanding fines processed in the same manner.

Generally, a person who violates a provision of the Maryland Vehicle Law is guilty of a misdemeanor with a maximum fine of \$500 unless the violation is a felony or is punishable by a separate civil penalty of the Maryland Vehicle Law. Prepayable fines for violations of the Maryland Vehicle Law vary significantly based on the offense and can be found on the [Judiciary's website](#).

Installment Payment Plan for Traffic Fines

The District Court or a circuit court may authorize the clerk of the court to approve an [individual installment plan agreement](#) to allow for the payment of fines for certain traffic offenses and violations. To qualify for the installment plan, a defendant must be sentenced to pay one or more fines that total at least \$150 and certify that the defendant is unable to pay the fine or fines. An installment plan agreement must (1) require that the defendant make installment payments on the total amount of the fine or fines covered by the agreement and (2) specify the offenses and citations to which the agreement applies.

If a defendant fails to pay a fine in accordance with an installment plan agreement, the clerk of the court may (1) refer the amount of the unpaid outstanding fine to CCU or (2) process the unpaid outstanding fine as it would other outstanding fines owed the court.

Central Collection Unit

CCU is responsible for collecting any delinquent accounts or debts owed to the State. CCU is authorized to use any actions available to it under State law to collect debts or claims. CCU is authorized to charge an administrative fee of up to 20% of the outstanding principal and interest on the debt referred to it for collection; the current fee is 17%. Debt payments are credited to the agency that refers the debt. The administrative fees are credited to the

Central Collection Fund, which is the special fund used to pay for CCU's operating expenses.

CCU uses a variety of methods and resources to facilitate the collection of delinquent accounts, including automated and manual efforts, as well as a private collection agency. Under certain conditions, CCU also allows a person to pay their debt over an extended period of time by entering into a [Payment Plan Agreement](#).

State Fiscal Effect:

Maryland Transportation Authority – Administrative Costs and the Collection of Unpaid Video Tolls and Civil Penalties

As noted above, MDTA is in the process of implementing an installment payment plan program and has already adopted the regulations necessary to do so. However, there are two meaningful differences between MDTA's program and the program required by bill. First, MDTA's program may only be offered to a person with outstanding video tolls and civil penalties of at least \$300, whereas the bill requires the income-based installment payment plan program to be offered to a person with outstanding video tolls and civil penalties of at least \$250. MDTA can likely modify its current program to meet this requirement using existing budgeted resources.

Second, and more significant, the installment payment plan required by the bill must be an "income-based" program, and MDTA must establish income eligibility and verification requirements for the program through regulations. MDTA does not have any current processes in place to verify a program participant's income and is likely to incur significant administrative costs beginning in fiscal 2026 to implement such a process. MDTA anticipates needing to work directly with the Comptroller's Office or another State agency to access the information necessary for income verification and, depending on the verification process established, may need to hire additional staff or develop a new information technology (IT) system. For purposes of this analysis, it is assumed that any costs incurred by the Comptroller's Office or another State agency to establish the income verification process for MDTA are paid by MDTA. Accordingly, MDTA's nonbudgeted expenditures increase to establish income eligibility and verification requirements for the program, but any such increase cannot be reliably estimated at this time.

The timing and amount of nonbudgeted revenues collected by MDTA may also be affected by the bill. The bill's program has a lower threshold for program eligibility than the program MDTA is currently developing (in terms of the amount of unpaid video tolls and civil penalties that must be outstanding to be eligible to participate); thus, participation may be higher under the bill's program, thereby resulting in an increase in nonbudgeted

revenues for MDTA from the collection of unpaid video tolls and civil penalties. However, the bill also *limits* MDTA's authority to recall outstanding debt from CCU, which could result in a decrease in nonbudgeted revenues. The overall impact on MDTA's nonbudgeted revenues cannot be reliably estimated without actual experience under the bill.

Maryland Department of Transportation – Administrative Expenditures

TTF expenditures increase significantly for MDOT to establish the income-based installment payment plan required by the bill. Under current law, MDOT is not directly involved in the assessment or collection of penalties imposed for violations of the Maryland Vehicle Law; the law is enforced by the State's various law enforcement agencies and fine revenues are collected by the courts. Moreover, any system or process developed by MDOT must be capable of communicating with the courts to ensure that program participants are not being charged multiple times for the same offense. Additionally, similar to MDTA, MDOT does not have an established process to verify a program participant's income and likely needs to work with the Comptroller's Office or another State agency to verify such information.

Given these factors, in order to administer the program, MDOT likely needs to either establish a new unit within MVA or the Secretary's Office with multiple staff and a new IT system or hire a third-party contractor. In either case, the total cost of the program is anticipated to be significant. For purposes of this analysis, it is assumed that any costs incurred by the Comptroller's Office or another State agency to establish the income verification process for MDOT are borne by TTF.

Judiciary – Administrative Expenditures

General fund expenditures for the Judiciary increase by \$261,052 in fiscal 2026 only for one-time programming costs to upgrade the Judiciary's citation processing system. Depending on the structure of the income-based payment plan programs established pursuant to the bill, the Judiciary may incur additional costs that could be ongoing, but any such impact cannot be reliably estimated without actual experience under the bill.

Fines Collected for Traffic Violations

As noted above, MDOT does not currently collect fines for violations of the Maryland Vehicle Law; fines are collected by the courts and deposited into the general fund. Also as noted earlier, the courts administer an existing installment payment plan for unpaid traffic citations. The bill's program for traffic citations – that is administered by MDOT under the bill – has a higher threshold for program eligibility than the existing program (in terms of the total value of fines that must be outstanding to be eligible to participate). In addition,

the Judiciary advises that it implemented 5,060 traffic installment payment plans in fiscal 2024; however, 84% of those plans ultimately defaulted.

Accordingly, it is unclear to what extent the overall collection of fine revenues may increase due to the establishment of MDOT's income-based installment payment plan program. It is assumed that any fine revenues collected by MDOT under the bill are paid into the general fund, as the bill does not expressly direct such fines to TTF. To the extent, however, that such fines accrue to TTF, TTF revenues increase, and general fund revenues decrease.

Central Collection Unit

Through its duties as the State's debt-collection agency, CCU collects outstanding video toll and civil penalty revenues on behalf of MDTA and outstanding traffic citation fine revenues on behalf of the courts. As noted above, CCU collects an administrative fee on the debt it collects, which accrues to a special fund to pay its administrative expenses. To the extent MDTA and MDOT are able to collect outstanding unpaid video tolls, civil penalties, and fines that otherwise would have been referred to CCU for collection, special fund revenues for CCU decrease, and special fund expenditures may also decrease as CCU no longer incurs related administrative costs. On the other hand, the bill also *limits* MDTA's authority to recall outstanding debt from CCU, which may further affect CCU finances. The overall effect on CCU finances is unknown.

Although the bill authorizes MDTA and MDOT – when a person participating in one of the installment payment plan programs established under the bill fails to pay in accordance with the payment plan – to refer the amount of the unpaid video tolls, civil penalties, and outstanding fines to CCU for collection, it is assumed that those unpaid tolls, penalties, and fines would have been referred to CCU for collection (by MDTA and the courts) even in the absence of the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 941 (Senator Sydnor) - Judicial Proceedings.

Information Source(s): Maryland Department of Transportation; Office of Administrative Hearings; Judiciary (Administrative Office of the Courts); Department of Budget and Management; Department of Legislative Services

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