

FROM	<p><i>Andrew Kleine</i></p> <table border="1"> <tr> <td>NAME & TITLE</td><td>Andrew Kleine, Chief, Bureau of Budget & Management Research Henry Raymond, Chief, Bureau of Revenue Collections</td></tr> <tr> <td>AGENCY NAME & ADDRESS</td><td>Department of Finance, Room 454 City Hall</td></tr> <tr> <td>SUBJECT</td><td>City Council Bill No. 09-0336 – Parking Fines and Penalties for Nonpayment</td></tr> </table>		NAME & TITLE	Andrew Kleine, Chief, Bureau of Budget & Management Research Henry Raymond, Chief, Bureau of Revenue Collections	AGENCY NAME & ADDRESS	Department of Finance, Room 454 City Hall	SUBJECT	City Council Bill No. 09-0336 – Parking Fines and Penalties for Nonpayment
NAME & TITLE	Andrew Kleine, Chief, Bureau of Budget & Management Research Henry Raymond, Chief, Bureau of Revenue Collections							
AGENCY NAME & ADDRESS	Department of Finance, Room 454 City Hall							
SUBJECT	City Council Bill No. 09-0336 – Parking Fines and Penalties for Nonpayment							
TO	<p>Honorable President and Members of the City Council</p>							

H. Raymond/HB
CITY OF
BALTIMORE
MEMO



DATE:

August 12, 2009

Council Bill 09-0336 seeks to cap the amount of penalty that can accrue on a delinquent parking citation to five times the amount of the original fine imposed. The current monthly penalty for a delinquent citation is \$16 per month. The motorist has 15 days after they receive a formal warning notification from the City through the mail before the first month's penalty is incurred. The formal warning notice is mailed to the motorist once the City receives data back from the Maryland Motor Vehicle Administration (MVA) with the current name and address of the registered owner of the cited vehicle. Normally this process takes between four and six weeks from the time the citation is written and placed on the vehicle for the first month's penalty to accrue if no action is taken by the motorist.

The action that a motorist can take to stop the accrual of the \$16 monthly penalty is as follows:

1. Pay the amount due by the due date on the warning notice.
2. Request a timely trial in front of a District Court Judge. A timely trial is defined as a request submitted before the first penalty is placed on the citation.
3. Request an investigation by the Department of Transportation related to a meter malfunction or improper signage at the location where the motorist was cited. If the motorist's request is denied, the motorist can still request a trial with District Court and have the penalties stopped.
4. After a citation is six months old (from the date that the first notice is sent to the motorist), it is referred to the City's contracted collection agent, Linebarger Goggan Blair & Sampson, LLP. If the motorist elects to enter into a payment agreement through Linebarger Goggan, all penalties are stopped at that point unless the agreement is breached for non-payment and then all penalties are reinstated.

Baltimore County and New York City are two examples of other jurisdictions that have similar parking penalty structures as Baltimore City. In both of these jurisdictions, delinquent parking citations accrue penalty at a rate of \$10 per month until the citation is closed.

Fiscal Impact:

Over the past three years, approximately 5% of the citations that were paid were paid after the citation had accrued penalties greater than five times the original fine amount. The proposed change in Bill No. 09-0336 would result in a reduction of an estimated \$2.5 million per year in parking penalty revenue collected, or about 28% of total penalty revenue collected. See the table on the following page for more detail.



Data for Parking Citations Paid and Amounts Paid for Fiscal Year 2007 through Fiscal Year 2009				
	FY 07	FY 08	FY 09	Average
Total Number of Citations Paid with Penalties Under the Proposed Cap	319,701	319,213	307,185	315,366
Total Number of Citations Paid with Penalties Above the Proposed Cap	15,671	17,018	14,666	15,785
% of Citations Paid With Penalties Above the Proposed Cap	4.9%	5.3%	4.8%	5.0%
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\$ Amount of Penalties Paid Above Proposed Cap	\$2,027,468	\$ 3,036,620	\$2,479,233	\$2,514,440
Total \$ Amount of Penalties Paid Per Year	\$8,938,907	\$10,222,796	\$8,142,135	\$9,101,279
% Penalties Collected that Proposed Cap Would Impact	22.7%	29.7%	30.4%	27.6%

Source: Baltimore City Department of Finance

The FY 2010 operating budget does not include this estimated reduction of \$2.5 million in penalties collected. This \$2.5 million impact is the equivalent of approximately 46 full-time civilian positions. In addition, from a policy perspective, capping the penalties serves to reward those motorists who park illegally and do not act upon their citations timely. Given that the City already provides four ways that a person can stop the accrual of penalties on outstanding parking citations, the Department of Finance does not view this legislation as necessary and believes that the imposition of a cap on penalties would discourage motorists from paying their citations after the point at which the penalties are capped.

From a technical perspective, the Mayor's Office of Information Technology (MOIT) estimates that it would cost approximately \$30,000 to program changes to the City's Parking Fines System in order to accommodate the proposed legislation and this would take approximately eight weeks to accomplish. This estimate of time and expense for programming changes assumes that the implementation of the cap on penalties would be prospective only and not retroactive. This means that at the time the legislation was implemented, penalties that have accrued beyond the cap threshold would be capped at their current level and would not be rolled back to the cap level. To make the implementation retroactive would require more effort and expense on the part of MOIT.

Due to the loss of revenue and promotion of bad behavior by motorists not paying their citations after the point at which penalties are capped, the Department of Finance does not support Council Bill 09-0336.

C: Edward J. Gallagher
 Angela Gibson