

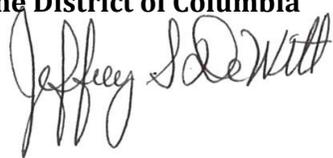
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** June 12, 2018

**SUBJECT:** Fiscal Impact Statement – Traffic and Parking Ticket Penalty  
Amendment Act of 2018

**REFERENCE:** Bill 22-204, Draft Committee Print as shared with the Office of Revenue  
Analysis on June 7, 2018

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**Conclusion**

Funds are not sufficient in the fiscal year 2018 budget and the proposed fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill will reduce parking, standing, stopping, or automated traffic enforcement (ATE)<sup>1</sup> fine and penalty revenues by approximately \$32.4 million in fiscal year 2019 and \$124.7 million over the proposed four-year financial plan period. The bill will also increase District costs by \$203,000 in fiscal year 2019 and \$696,000 over the proposed four-year financial plan period.

**Background**

The bill makes a number of changes to District procedures for imposing and collecting fees and penalties for violations of parking, standing, stopping, or ATE fines. Currently, the District imposes a penalty equal to the amount of a parking, standing, stopping, or ATE fine to any violator who fails to pay the initial fine within thirty days.<sup>2</sup> The bill extends the time a violator may pay a fine without penalty from thirty days to sixty days. For moving violations issued by an enforcement officer, the District will continue to impose the doubling penalty at 30 days.

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<sup>1</sup> Section 901 of the Fiscal Year 1997 Budget Support Act of 1996, effective April 9, 1997 (D.C. Law 11-198; D.C. Official Code § 50-2209.01).

<sup>2</sup> The District of Columbia Traffic Adjudication Act of 1978, effective September 12, 1978 (D.C. Law 2-104; D.C. Official Code § 50-2301.05).

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FIS: Bill 22-204, "Traffic and Parking Ticket Penalty Amendment Act of 2018," Draft Committee Print as shared with the Office of Revenue Analysis on June 7, 2018

The bill also delays the date on which one of these violations is deemed admitted,<sup>3</sup> from sixty days after issuance to one hundred twenty days and imposes a new notification requirement. For violators who have not yet answered the notice of violation at one hundred days, the District will be required to send a second notice indicating that the violation is still outstanding and that it will be deemed admitted on the one hundred twentieth day.<sup>4</sup> Moving violations issued by an enforcement officer will continue to be deemed admitted at sixty days.

The bill also prohibits the District from suspending a driver's license for failure to pay any parking, standing, stopping, moving, or ATE notice of violation. The District must reinstate any license or driving privileges that are currently suspended for failure to pay.

The bill requires the District to dismiss any parking, standing, stopping, or ATE notice of violation that is unpaid after ten years.

The bill establishes a new Community Service Debt Repayment Program (Community Service Program) that allows a low-income District resident to perform community service in lieu of paying some or all of the civil fines and penalties for parking, standing, stopping, or ATE violations. Eligible residents will be able to reduce their fines and penalties by an amount equal to the District's minimum wage<sup>5</sup> for each hour of community service performed under the Program.

### **Financial Plan Impact**

Funds are not sufficient in the fiscal year 2018 budget and the proposed fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The District collected approximately \$180 million in these traffic fines annually over the last few fiscal years.<sup>6</sup> The District receives approximately \$67 million within the first thirty days of ticket issuance where the doubling penalty is not assessed. With few exceptions, the remaining \$113 million the District collects is both fines and penalties. The District collects \$61 million of the \$113 million between thirty and sixty days.

The bill's provisions to delay the District's imposition of a penalty on civil fines for parking, standing, stopping, or ATE violations from thirty days to sixty days will reduce penalty collections by approximately \$28 million annually. The bill's ten-year statute of limitations on fines and penalties for these violations reduces fine and penalty collections by \$401,000 annually. The Community Service Program gives residents an opportunity to off-set their fines and penalties with community service hours. The number of residents who may take advantage of this program is difficult to determine, but based on current payment plans offered by the District's Central Collections Unit we estimate that approximately 2,400 residents could look to participate in the Program annually. This assumed level of participation would further reduce revenues by

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<sup>3</sup> Deemed admission means that the violator, who has failed to answer the ticket, is assumed to be guilty of the offense for which the notice of violation was issued.

<sup>4</sup> The first notice is sent at fifty days.

<sup>5</sup> Minimum Wage Act Revision Act of 1992, effective March 25, 1993 (D.C. Law 9-248; D.C. Official Code § 32-1003(a)(5)).

<sup>6</sup> This figure is based on an average of fines paid according to Department of Motor Vehicles data from fiscal year 2015 through fiscal year 2017. It does not include approximately \$5.6 million in fines associated with moving violations issued by an enforcement officer that are not subject to change under this bill.

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approximately \$2.8 million annually. The total fine and penalty revenue loss is approximately \$31.2 million annually.

The Mayor requires two new program staff to operate and manage the Community Service Program to ensure participants are eligible and to validate the amount of community service completed to off-set civil fine and penalty obligations. This will cost \$153,000 in fiscal year 2019 and \$646,000 over the proposed four-year financial plan period.

The Department of Motor Vehicles (DMV) will need to update its systems to accommodate the new deadlines and additional mailing dates associated with these violations. DMV requires an additional \$50,000 in fiscal year 2019 to make the necessary changes.

<b>Traffic and Parking Ticket Penalty Amendment Act of 2018</b>					
<b>Bill 22-204</b>					
<b>Fiscal Impact Analysis</b>					
<b>Fiscal Year 2019 – Fiscal Year 2022<sup>a</sup></b>					
<b>(\$000s)</b>					
	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Total</b>
<b>REVENUE REDUCTIONS</b>					
Penalty Shift 30-60 Days	\$29,021	\$28,295	\$27,588	\$26,898	\$111,802
10-Year Statute of Limitations <sup>b</sup>	\$416	\$406	\$396	\$386	\$1,604
Community Service Program	\$2,924	\$2,851	\$2,780	\$2,711	\$11,266
<b>Total Revenue Loss</b>	<b>\$32,361</b>	<b>\$31,552</b>	<b>\$30,764</b>	<b>\$29,995</b>	<b>\$124,672</b>
<b>ADDITIONAL COSTS</b>					
Program Staff	\$153	\$158	\$165	\$170	\$646
DMV System Updates	\$50	\$0	\$0	\$0	\$50
<b>Total Costs</b>	<b>\$203</b>	<b>\$158</b>	<b>\$165</b>	<b>\$170</b>	<b>\$696</b>
<b>TOTAL FISCAL IMPACT</b>	<b>\$32,564</b>	<b>\$31,710</b>	<b>\$30,929</b>	<b>\$30,165</b>	<b>\$125,368</b>

Table Notes

<sup>a</sup> Assumes an October 1, 2019 implementation date.

<sup>b</sup> This is based on current revenue collections that are older than ten years and does not assume an increase based on people who may delay payment until the ten-year mark.