

Date of Hearing: May 4, 2020

ASSEMBLY COMMITTEE ON TRANSPORTATION  
Jim Frazier, Chair  
AB 3277 (Jones-Sawyer) – As Introduced February 21, 2020

**SUBJECT:** Parking penalties: collection

**SUMMARY:** Makes various changes to the law requiring processing agencies to provide indigent individuals the opportunity to set up a payment plan to pay parking tickets before a processing agency can use the Department of Motor Vehicles (DMV) to collect unpaid parking debt. Specifically, **this bill:**

- 1) Makes the following changes to the law requiring processing agencies to provide indigent individuals the opportunity to set up a payment plan to pay parking tickets before a processing agency can use DMV to collect unpaid parking debt:
  - a) Increases the \$300 maximum debt limit to \$750 for the total debt amount required for a parking agency to offer a payment plan to an indigent person.
  - b) Lengthens the payment plan to be available for a maximum of 30 months from 18 months.
  - c) Lengthens the period of time an individual can request a payment plan from 60 calendar days from the issuance of a parking violation to 120 days from the issuance of a parking violation.
  - d) Clarifies that the required website notification of the availability of a payment plan must be in a place that is readily accessible in a prominent location on the agency's website.

**EXISTING LAW:**

- 1) Provides several options to processing agencies collecting unpaid parking penalties for tickets, including filing an itemization of unpaid parking penalties and service fees with DMV for collection with the registration of a vehicle, so long as the processing agency:
  - a) Provides a payment plan option for indigent persons, as defined, that allows unpaid parking fines and fees to be paid off in monthly installments of no more than \$25 for total amounts due that are \$300 or less, in a period within 18 months. No prepayment penalty for paying off the balance prior to the payment period may be accessed.
  - b) Waives all late fees and penalty assessments, exclusive of any state surcharges, as defined, if an indigent person enrolls in the payment plan. Waived late fees and penalty assessments may be reinstated if the person falls out of compliance with the payment plan.

- c) Limits the processing fee to participate in a payment plan to \$5 or less for indigent persons and \$25 or less for all other persons. The processing fee may be added to the payment plan amount at the discretion of the payee.
  - d) Allows the application for indigency determination for a period of 60 calendar days from the issuance of a notice of parking violation, or 10 days after the administrative hearing determination, whichever is later.
- 2) Requires a processing agency to allow a registered owner or lessee who falls out of compliance with a payment plan a one-time extension of 45 calendar days from the date the plan becomes delinquent to resume payments before the processing agency files an itemization of unpaid parking penalties and service fees with DMV.
  - 3) Requires a processing agency to include information regarding its payment plan option above on its public website, and a web page link and telephone number to more information on the program.
  - 4) Defines “indigent” for the purposes of this section to mean anyone who meets the income requirements for or is currently on several public assistance programs, including: Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP, or more commonly known as food stamps), Medi-Cal or IHSS.

**FISCAL EFFECT:** Unknown

**COMMENTS:**

The cost of fines and fees associated with traffic and parking citations has steadily increased over the last few decades. After adding on fees to base fines, tickets can total in the hundreds of dollars. Add-on fees for minor offenses double or quadruple the original fine, and until recently California suspended driver’s licenses for failure to pay traffic fines.

For parking tickets, local agencies are allowed to use DMV to collect unpaid debt. DMV can require payment in full for unpaid parking tickets in order to renew vehicle registration. For indigent individuals, these piling fees have created a cycle of debt where they are unable to pay back parking fines, and then get additional fines for driving an unregistered vehicle and an increased vehicle registration fee for late payments.

The cost from being late on payment of a parking ticket could easily spiral out of control for an indigent person. In Sacramento, the fine for a parking ticket amounts to \$52. If someone is unable to pay that ticket on time, the late fee adds an additional \$52. If Sacramento then were to ask DMV to collect the unpaid debt, before the passage of AB 503 (Lackey), Chapter 741, Statutes of 2017, DMV could add the entire cost of the ticket to vehicle registration fees. If someone were unable to pay the \$104 all at once on top of their vehicle registration fees, late fees for vehicle registration increase by 60% of the original fee for payments over 30 days late, which can increase the registration fee as much as \$100. If a person is then pulled over for having an unregistered vehicle, the fine for driving unregistered vehicles is currently \$285. All totaled, these fines alone add up to \$489. This would amount to 1/3 of a single individual’s monthly income if they made the maximum amount of money to be eligible for Medi-Cal.

The unpaid debt is not the only issue for someone who received parking tickets. Having 5 or more unpaid parking tickets allows law enforcement to tow someone's vehicle or place a restrictive device on it. If the fines are moved to DMV for collections and the individual cannot afford to pay their vehicle registration, law enforcement can tow the vehicle if the registration is more than six months expired.

Recovering a vehicle after it has been towed is expensive. *Towed into Debt: How Towing Practices in California Punish Poor People*, a report issued by the sponsors of this bill, notes that the average tow fee in California is \$189, with a \$53 storage fee per day and a \$150 administrative fee. After three days of storage a towing fee could come out to \$499. The cost of five unpaid parking tickets in Sacramento would result in a total cost of \$520 with late fees. The cost of a three day tow plus the costs of the 5 unpaid parking tickets (\$1019) would amount to all but \$400 of an indigent person's monthly income if they made the maximum amount to make them eligible for Medi-Cal.

The Legislature passed AB 503 in order to stop the spiral of debt for an indigent person. However, processing agencies have been pushing back against implementing AB 503. Assemblymember Lackey had introduced two follow up bills as a result of processing agencies trying to get around implementing the law. AB 2544 (Lackey) Chapter 494, Statutes of 2018, clarified that parking agencies had to offer payment plans for tickets issued prior to July 1, 2018 because processing agencies refused to consider older tickets when implementing the law. AB 833 (Lackey) Chapter 495, Statutes of 2019, clarified that the \$300 maximum cap for which a parking agency had to offer a payment plan only applied to the base fines, not to late penalties, because the City of Sacramento was refusing to offer payment plans to individuals who had more than two tickets with a late fee.

According to the author, "AB 3277 would update existing law to allow more individuals to access to payment plans. Granting additional flexibility reduces the financial impact of parking debt for more low-income individuals and gives individuals in financial distress greater lengths of time to enroll and pay off their debts. As cities and counties seek to find ways to help low-income individuals, including vehicle owners experiencing homelessness, AB 3277 makes relief more accessible to a population that is disproportionately struggling with housing and economic instability."

This bill is attempting to address the fact that the \$300 cap for when a city has to offer an indigent individual a payment plan has different effect depending on the city are you in. In Sacramento, for example, a parking ticket is \$52 for parking in a residential zone, and \$42 for parking at an expired meter. If a resident's parking pass expires without them realizing it and they rarely drive because they live in the downtown core, it's easily possible to go days of receiving parking tickets without realizing it. In Sacramento, a person would have to have more than five parking tickets to no longer be able to utilize the payment plan to pay their tickets.

In San Francisco, parking at an expired meter or a residential area is an \$87 ticket, while parking in one spot for three days or parking in a loading zone is a \$110 ticket. While a Sacramento resident could get a payment plan for up to five tickets, someone in San Francisco can only get a payment plan after three, or only for two tickets if they get multiple tickets for parking in a loading zone.

To remedy this situation, this bill proposes raising the \$300 cap to \$750 so indigent individuals in cities with expensive parking tickets can still be eligible for the payment plan. Further,

indigent individuals will also be able to have their late fees waived up to \$750 worth of parking tickets. A late fee added to a \$110 ticket in San Francisco could result in a single ticket costing \$169. Late fees are a useful tool for helping ensure tickets are paid on time, but may make an already high fine excessive for low income individuals making less than \$1500 a month before taxes.

Finally, the bill requires processing agencies to prominently display on their websites the option to set up a payment plan. Processing agencies are already required to display this information, but the author contends that several have hidden this feature. Cities like San Francisco, Sacramento, Napa, San Jose, Novato, and Los Angeles prominently display the option on their website to pay a ticket. As of the writing of this analysis, the City of San Rafael does not include any information on payment plans in an easily accessible location (it is possible the city does not use DMV to collect unpaid parking debt). Other cities, like the City of Pasadena, have a one line hyperlink that says “AB 503 Unpaid Citation Payment Plan” with no other context describing what the program is without downloading the PDF attached to the hyperlink.

Western Center on Law and Poverty, writing in support of this bill, argues “Most local governments have adopted the provisions of AB 503 and for those with only a few tickets, the payment plans have worked well. In particular, the \$25 monthly payment has proven to be key as most low-income persons, even those on public assistance, can afford to make the payment. But, we have also heard of concerns from local legal service programs that the program’s cap meant many drivers could not get on payment plans. We also heard concerns that some people could not get on plans because they had not requested a plan within 60 days after the due date.

AB 3277 addresses these two problems by increasing the cap to \$750 from \$300 and it proposes to increase the timeframe for requesting a payment plan from 60 days to 120 days after the due date of a parking ticket. Additionally, AB 3277 expands the number of months someone has to pay off the tickets from 18 months to 30 months. This allows indigent drivers to continue paying off parking tickets at \$25 a month.”

This bill, or the existing law, is not a local mandate. The requirements set forth in this bill only apply if a processing agency elects to use DMV to collect parking tickets through a person’s vehicle registration. Other means of collecting late payments include wage garnishments, tax liens and towing an individual’s car. According to *Towed into Debt*, towing someone’s car as a means of debt collection generally has not been fruitful, with the average car selling for \$700 and the average fees owed to just the tow yard being close to \$2600 by the time the car sells (the tow yard has first priority on any money collected from a lien sale).

*Committee comments:* Millions of Californians have applied for unemployment benefits since the state has issued a shelter-in-place order in mid-March as a result of the novel coronavirus pandemic. In a time of high unemployment, it may be prudent for cities to offer payment plans for parking tickets and waive late fees for parking tickets in light of the number of Californians that have lost their jobs. Doing so will provide relief at a time when few can afford a major financial hit, while still ensuring cities have the ability to enforce their parking rules (which allows them to reduce congestion and free up space for individuals to shop), as well as generating revenue to provide essential for city services.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

ACLU  
Heart of LA Democratic Club  
Legal Services of Northern California  
Shields for Families  
Southern California Health & Rehabilitation Program  
Western Center on Law & Poverty

**Opposition**

None on file

**Analysis Prepared by:** David Sforza / TRANS. / (916) 319-2093