



MEMORANDUM

March 30, 2026

To: Katherine Summerlin, Senior Policy Advisor, Policy Division, Office of Commissioner Rodney Ellis

From: Texas Appleseed (Policy Team: Ann Baddour, Jennifer Carreon, Brennan Griffin, Natasha Malik, and Kyle Trojahn)

Re: Request to review new additions to Harris County Toll Road Authority (HCTRA) collections policy and overall collections policies.

OVERVIEW:

This memorandum was compiled in response to a request from Commissioner Ellis to review HCTRA's collection policies and proposed changes to ensure they are data-driven and equitable for all Texans. Texas Appleseed does not have specific expertise regarding toll authorities, but we leveraged our work on fair consumer debt collection practices and proportional fines and fees practices for low-level criminal offenses. Our focus is to ensure that policies do not criminalize poverty or disadvantage people due to financial hardship.

We are basing this analysis on information shared by Commissioner Ellis' staff, a review of publicly available online documents, draft policies, and an in-person meeting with HCTRA staff and leadership. This proposal is grounded in our experience as an organization driven by data and legal expertise, as well as in the information we have collected specific to HCTRA. We hope it will offer helpful framing and ideas for a conversation that leads to policies that balance fairness with HCTRA's financial obligations.

The memorandum includes four sections:

1. A framework that we used to analyze the proposal and overall policies;
2. Considerations regarding the current proposal;
3. Considerations regarding overall existing collection practices; and
4. Data collection and reporting proposals to help evaluate and hone future policies.

FRAMEWORK OF ANALYSIS

This framework approaches collections from two angles—making it as easy as possible for people to pay, in order to minimize delinquent accounts, and ensuring collections policies that do not cause excessive financial hardship. The framework is not intended to assert deficiencies in HCTRA policies. Rather, it provides an overview of how we are approaching our analysis.

1. To avoid the cost and penalties of collections, any collection approach should first prioritize successful payment by ensuring:
 - **Affordability:** Tolls are affordable for County residents, including low-income residents.
 - **Ease:** The toll payment system is designed to make it easy for all Harris County communities to pay their tolls without incurring penalties.
 - **Clarity:** Tollways and specific costs are clearly marked and posted in a timely manner, allowing someone to exit the road if they do not want to pay a toll.
 - **Effective Notice:** People receive clear notice of amounts owed before penalties accrue, with the correct contact information.
 - **Accessibility:** Payment mechanisms are accessible to all communities.

2. For accounts that go into collections, protections built into the collection process should prioritize:
 - **Data-driven analysis:** Utilize objective data to ensure penalties remain proportional to the original debt and are applied uniformly across all populations; prioritize high-impact collections from the most frequent violators to ensure the cost of recovery does not exceed the value of the debt.
 - **Transparency:** People should receive appropriate notice of violations, the timeline and process for escalating violations should be clearly laid out, and the fee waiver policy should include more specificity.
 - **Ability to repay:** Ability to repay should be built into the collection process, including a clear process for waivers of fees and other accommodations if justified by individual financial circumstances; and
 - **Minimizing the use of harsh penalties:** Criminal penalties and other harsh penalties, such as blocking registrations, should be closely monitored and used only as a last resort when all other avenues to resolve the matter on HCTRAs behalf have been exhausted.

CONSIDERATIONS FOR CURRENT PROPOSAL

The suggestions below offer feedback on the redlined document shared with us titled "5. Proposed HCTRA Toll Invoicing Policy 031926 single set Redlines." The numbers and headings in the suggestions below mirror those in the document.

1. DEFINITIONS (p.1):

- a. The \$50 citation fee and the \$50 administrative hearing fee apply to everyone. Adding \$100 in fees, at least for individuals, could be a lot relative to the total amount owed, and a hardship for low-income individuals.

Commissioners may want to consider, at least for individual accounts, setting the amounts at up to \$50 for the citation and the hearing, with the cap set at a percentage of the amount owed. For example, each fee cannot exceed 10% of the total amount owed for the tolls. Since commercial accounts are more complex, the fees stated may apply to them.

6. COLLECTIONS (p.5):

- a. Line 2 of this section adds the language, "and any hired third-party firm." Should it say "or" instead? As it is worded, it indicates that the case may be referred to both the County Attorney and the third-party firm. Our conversation gave the sense that it would be one or the other.
- b. The language in line 2 indicates that the account can be referred to collections after the 60th day following the TVI mail date. HCTRA indicated in our meeting that if the TVI is unpaid after 60 days, they use skip tracing to ensure that they have the correct contact information for the individual and mail the TVI again if they find a different address. This practice is important and beneficial, since many people move and have an incorrect address associated with their car registration.

Before referring the account to a third-party firm, it would be beneficial to ensure that the TVI was sent to the correct address and that the person has a chance to respond. We recommend explicitly including skip tracing in the procedure and delaying referral to a third party or the County Attorney until the person's contact information is verified and HCTRA

attempts to contact the person again.

- c. We recommend referring only commercial accounts to the third-party collection firm and keeping non-commercial accounts in-house. This division would ensure better control of how individuals are treated, and the more complex and higher-dollar accounts could be addressed by an external firm.

7. COMMERCIAL COLLECTIONS AND LITIGATION ENFORCEMENT (p.5):

- a. This section caps attorneys' fees at the toll amount. Do individuals have the same protection? Attorney's fees are not addressed elsewhere. Does that mean they cannot be charged to individuals or that they are not limited? The fee schedule allows for attorney's fees, but the policy's charges for individuals are unclear.

FINE & FEE SCHEDULE (p.7):

- a. Item (B) Administrative Fee lists a \$10 charge per Toll Violation Invoice. In our meeting with HCTRA, they shared that those receiving toll violation invoices had saved \$ 54 million due to a process change: they charge the fee only for the first letter sent, not the second, which is sent if the account is not paid 30 days after the first invoice. Given that this policy has proven successful, it may be beneficial to explicitly include it here.
- b. Also in (B) Administrative Fee, we support reducing the total amount of unpaid administrative fees from \$750 to \$500, thereby lowering the maximum fees, which could become a barrier to repayment for low-income Harris County residents. We recommend revisiting this policy to explore an additional requirement that total administrative fees cannot exceed a percentage of the toll debt, for example, 10%. Having such a policy would establish incentives to pursue the highest-dollar violators, which are likely the most impactful on HCTRA's bottom line, and would make it more feasible for lower-income residents to repay any delinquent toll balances.

CONSIDERATIONS FOR OVERALL COLLECTIONS POLICY

1. Transparency & Effective Notice:

- Explicit policies should be adopted to ensure, to the extent possible, that people receive notice of the toll violation before fines and penalties accrue. There should also be case-based accommodation for people who don't receive proper notice.
- There should be clearer language regarding how violations are escalated and when, and that civil and criminal prosecution is possible. As written, there are multiple consequences of a violation. References to the punishment should be paired with a straightforward explanation of when nonpayment is a civil or administrative matter, when it may lead to a criminal citation under Chapter 284. What conduct, specifically, will trigger an enforcement pathway?
- The administrative hearing section could be more specific. The policy should explain who the hearing officers are, how they are appointed, whether they are independent of HCTRA, the rules governing the hearing, and what happens in the event of a failure to appear. Additionally, in cases where penalties are imposed (such as a registration hold or boot), what is the process for challenging or addressing those sanctions? A clear list of remedies should also be delineated.
- The policy on fee waivers is unclear. The statement that HCTRA may deny or modify a fee waiver in its sole discretion invites arbitrary decision-making. The policy should specify which fees may be waived, identify the criteria for waiver eligibility, and require written reasons for denials. A detailed discussion of the criteria is included in the section below.
- If HCTRA's data shows that a meaningful share of unpaid toll balances comes from infrequent users whose toll tags are not covered by the current interoperability agreement, HCTRA should work with TxDOT and other tolling partners to expand interoperability where feasible and include additional toll tag systems.

2. Affordability & Ability to Repay:

- HCTRA should consider a lower-cost toll program for people with incomes below a specified threshold (e.g., 125% of the poverty line) or for those who qualify for SNAP or CHIP.
- The fee structure should be revised to better reflect the ability to pay. The current proposal layers administrative fees, collection fees, citation fees, hearing fees,

potential civil fines, and attorneys' fees on top of the toll itself. This creates a serious risk that a relatively small unpaid toll will escalate into a large debt.

- a. HCTRA should consider a lower overall cap on non-toll charges or one tied to the amount of the toll debt (eg, total fees cannot exceed 10% of the outstanding toll debt).
 - b. The policy should also make clear the option to obtain a payment plan and the procedure for doing so, and, in cases where a registration is blocked, include a hardship waiver to immediately release the block once a payment plan is agreed to and the first payment is made. The current practice of releasing the block after 50% of the obligation is repaid is helpful, but could push financially vulnerable residents to resort to high-cost loans to make the 50% payment or drive illegally.
- EZ TAG and non-EZ TAG should receive equal waiver treatment, with both receiving two fee waivers, per the EZ TAG policy. In both cases, they should be able to receive the waiver for any reason. The proposed policy gives EZT users an extra fee waiver, even though non-account holders are likely lower-frequency users, drivers of rental or borrowed vehicles, or people unfamiliar with account perks/options.
 - a. HCTRA should adopt a uniform waiver framework that does not condition meaningful relief on account status.
 - b. The policy should detail the procedure a customer must follow to obtain the fee waiver and which supporting documents are acceptable. Information about payment alternatives should be publicly available on HCTRA's website.
 - c. The fee waiver should consider financial hardship/ability to repay.
 - i. A customer should be presumed unable to pay if they (1) receive a means-tested public benefit, (2) have a household income below 125% below the poverty line, or (3) demonstrate substantial financial hardship such as unemployment, homelessness, medical expenses, and other similarly burdensome financial circumstances.
 - d. There should be special waiver accommodation for survivors of domestic violence, human trafficking, and other victims of coercion whose abuser incurred toll debt in their name.
 - Policies for financial relief should apply regardless of debt collection status, particularly in cases of financial abuse/coercion, or when people did not receive notice of the violation or were unaware of the fee waiver option. The dispute process should be more specific. The policy should include a clear dispute timeline, accessible submission options, a non-exhaustive list of valid grounds for

dispute, and a written explanation of the outcome.

- Under Texas law, debts incurred through fraud or coercion by an abuser through intimate partner abuse, human trafficking, or financial abuse are considered identity theft.¹ In line with state law, there should be a process to provide debt relief, not just relief from fees, but the toll amount, if a person demonstrates they are a victim of fraud or identity theft, as defined under Texas law, with regard to the toll debt.
- Ensure that payment locations for EZ tags and toll payments are not located at predatory lenders or other high-cost financial businesses.

DATA COLLECTION & REPORTING RECOMMENDATIONS

Understanding the reasons and specific dynamics that underlie both successful toll payments and collections can offer insights into where the system is failing and efficient, effective strategies to address those failures. One key insight that we gleaned from our meetings is that collections have increased as a direct result of the removal of cash collection options on tollways in 2020. Though removal may be a good policy, the alternative payment mechanisms have not effectively reached all those who used to pay cash, resulting in increased collections.

Data and reporting on key information could shed light on breakdowns in the collection process and provide guidance on proposed solutions.

At a very high level, it is important to know who is paying, both in numbers and in dollar amounts, and who is not. For example, it would be helpful to be able to collect and analyze data at both the individual and commercial levels, including but not limited to data on:

- Paid Toll Events - tolls that are successfully paid and are not referred to collections. This includes counts of successfully paid tolls and descriptive information of that population, including:
 - Tag holder status (e.g., EZ tag holder)
 - Time and date stamp(s) associated with the toll
 - Costs of tolls
 - Geographic indicator of toll(s) (e.g., address/geo id of tolls used)
 - Geographic indicator of driver (e.g., zip code of registered vehicle/driver)

¹ Tex. Penal Code §32.51(b), which specifies that using identifying information to harm an individual without their "effective consent" is considered fraud and Tex. Bus. & Com. Code §521.051(a-1) includes coercion in the definition for the misuse of personally identifying information.

- Proof of Payment
 - Amount paid
 - Date paid
 - Waiver of toll submitted (yes/no)
 - Waiver of fine/fee granted (yes/no)
 - Reason for denial: _____
 - Unpaid Toll Events - tolls that are not successfully paid are referred to collections. This includes counts of unpaid tolls and descriptive information of that population, including:
 - Tag holder status (e.g., EZ tag holder)
 - Fleet account (yes/no)
 - Time and date stamp(s) associated with the toll
 - Costs of tolls
 - Geographic indicator of toll(s) (e.g., address/geo id of tolls used)
 - Geographic indicator of driver (e.g., zip code of registered vehicle/driver)
 - Waiver of toll submitted (yes/no)
 - Waiver of fine/fee granted (yes/no)
 - Reason for denial: _____
 - Toll Violation Invoices issued (i.e, initial TVI issues, yes/no),
 - Date issued
 - Second Toll Violation Invoices issued (i.e., yes/no)
 - Date issued
 - Confirmation of correct contact information (e.g., address)
 - Yes/No
 - Date confirmed
 - Confirmation of account(s) being referred to collections (i.e., yes/no or sent to collections)
 - Confirmation of account(s) set for an administrative hearing (i.e., yes/no or administrative hearing set/date), and
 - Outcomes of the final hearing
 - Waiver (partial/full)
 - Payment plan
 - Sent to the JP court for criminal violation
 - Registration hold issued
 - License renewal hold issued
 - Vehicle impounded
 - Vehicle “booted”

- Costs of additional fees - data on all such fees should be collected independently to better assess which fees are having the greatest impact on the driver, HCTA, or the county.

This information will help provide a more nuanced understanding of the factors that contribute to successful payments and delinquency.

For instance, some recent data points we learned from HCTRA warrant further questioning, considering the recommended data points above:

1. According to HCTRA, there are 18 million unique vehicles with unpaid tolls. Of these vehicles, 80% are classified as individuals and 20% are classified as commercial/business.
 - a. Where are these customers from (eg.zip code)?
 - b. When were the unpaid tolls incurred?
 - c. Are there other characteristics that can provide insights? For example, are they mostly from low-income areas or from out of state?
 - d. Are they disproportionately utilizing particular toll roads?

Knowing this information could provide insight into trends and reasons why people are not paying.

2. According to HCTRA, over the past 5 years, \$1 billion of unpaid tolls has been uncollectible. However, no subsequent information was provided to help better understand the population they are attempting to collect from. It would be helpful to analyze the data using metrics similar to those in item 1 to identify trends, potential causes of delinquency, and any geographic patterns associated with unpaid tolls.

While we do not claim expertise in toll authority operations, the Fair Financial Services and Criminal Justice Project at Texas Appleseed focuses extensively on fair debt collection and proportional fines and fees in low-level cases. We offer these recommendations through that lens, with the goal of ensuring policies do not penalize poverty or financial hardship. Please do not hesitate to reach out with any further questions regarding this memorandum.