

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 175 (Delegate Krimm)
Environment and Transportation

Maryland Transportation Authority – Program for Payment of Unpaid Video
Tolls

This bill establishes a program, administered by the Maryland Transportation Authority (MDTA), to incentivize and enable State residents to resolve unpaid video tolls and related civil penalties. The stated purpose of the program is to reduce the number of residents with delinquent unpaid video tolls and related civil penalties. The bill establishes provisions governing eligibility to participate in the program and requirements for MDTA. MDTA may adopt implementing regulations. **The bill takes effect July 1, 2022, and terminates June 30, 2024.**

Fiscal Summary

State Effect: Nonbudgeted expenditures for MDTA may increase by as much as \$2.6 million in FY 2023 and by as much as \$237,000 in FY 2024 to implement the waiver program, as discussed below. Special fund expenditures for the Central Collection Unit (CCU) may decrease in FY 2023 and 2024, as discussed. Nonbudgeted revenues for MDTA, special fund revenues for CCU, and general fund revenues may also decrease, as discussed below.

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: Under the program, MDTA must (1) waive 70% of a participating resident's delinquent unpaid video tolls and related civil penalties that became delinquent

before July 1, 2022; (2) require the resident to pay the remaining balance of the delinquent account owed, after subtracting the waived amount and any CCU fee; and (3) require the resident to obtain and maintain an E-ZPass until June 30, 2024.

A person is eligible to participate in the program if the person is a State resident, has unpaid video tolls and related civil penalties, and has not been issued a judgment by CCU. MDTA must notify a resident who may be eligible to participate in the program at the resident's last known address. The notification must include specified information, including the amount of penalties that may be waived under the program.

MDTA may allow a resident to enroll in a monthly installment plan to pay, within six months after the waiver is applied, the remaining balance on the delinquent account.

Current Law: For information on MDTA's assessment of civil penalties on unpaid video tolls and MDTA's existing authority to waive unpaid tolls and civil penalties, please see the **Appendix – Maryland Transportation Authority and Tolling**.

Generally, 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 to pay for CCU's operating expenses, except that any balance in excess of 15% of the unit's actual operating expenses reverts to the general fund. 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.

State Revenues: In February 2022, MDTA announced that it has begun to implement an eight-month grace period for people with outstanding tolls and civil penalties. Under the customer assistance plan adopted by MDTA, all *outstanding civil penalties* are waived for motorists who pay their unpaid tolls by November 30, 2022. Additionally, MDTA plans to stop forwarding accounts to the Motor Vehicle Administration and CCU for collection activities during this period.

Even so, under the program established by the bill, MDTA must waive 70% of a participating resident's delinquent *unpaid video tolls and related civil penalties* that became delinquent before July 1, 2022. Therefore, nonbudgeted revenues for MDTA, special fund revenues for CCU, and general fund revenues from reversions from CCU may decrease as these outstanding tolls are waived. However, any such impact cannot be reliably estimated without actual experience under the bill.

State Expenditures: Nonbudgeted expenditures for MDTA may increase by as much as \$2.6 million in fiscal 2023 and by as much as \$237,254 in fiscal 2024 to implement the program. The estimate reflects the cost of hiring four full-time contractual staff to administer the program over the two-year period and one-time printing, mailing, and programming costs. It includes salaries, fringe benefits, one-time start-up costs, and operating expenses.

	<u>FY 2023</u>	<u>FY 2024</u>
Contractual Positions (New)	4	
Salaries and Fringe Benefits	\$251,597	\$232,993
Programming Costs	1,930,322	0
Printing and Mailing	350,000	0
Other Operating Expenses	<u>30,432</u>	<u>4,261</u>
Total MDTA Expenditures	\$2,562,351	\$237,254

Future years reflect the termination of program costs concurrent with the termination date of the bill.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

The extent to which any of the costs described above are incurred by MDTA even in the absence of the bill (due to its recently announced waiver program) is unclear.

Special fund expenditures for CCU may decrease in fiscal 2023 and 2024 as CCU temporarily ceases the collection of toll-related debt during the duration of the program established by the bill. The extent to which this occurs even in the absence of the bill, however, is unclear.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: First Reader - March 1, 2022
fnu2/lgc

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Appendix – Maryland Transportation Authority and Tolling

Maryland Transportation Authority – Generally

Since 1971, the Maryland Transportation Authority (MDTA) has been responsible for constructing, managing, operating, and improving the State's toll facilities (for example, the Chesapeake Bay Bridge, the Francis Scott Key Bridge, and the Intercounty Connector (ICC)) and for financing new revenue-producing transportation projects. MDTA is governed by nine individuals appointed by the Governor with the advice and consent of the Senate.

MDTA has the authority to set tolls on transportation facilities projects under its supervision. Tolls must provide funds that, when combined with bond proceeds and other available revenues, are sufficient to pay maintenance, repair, and operating costs for transportation facilities projects that are not otherwise paid for; pay the interest and principal of any outstanding bond issues; create reasonable reserves for these purposes; and provide funds for the cost of replacements, renewals, and improvements. Toll revenues are deposited into the Transportation Authority Fund, which is wholly separate from the Transportation Trust Fund.

Transition to All-electronic Tolling and Video Tolling

During 2019 and 2020, MDTA converted all of its toll facilities to all-electronic tolling (AET). As a result, paying a toll in cash is no longer an option, and tolls for vehicles that use an MDTA tolling facility must be paid (1) through the use of an E-ZPass; (2) by having a pay-by-plate account with MDTA; (3) by having a commuter payment plan with MDTA (which allows users to prepurchase a limited number of tolls at a discounted rate); or (4) through a video toll, if the toll is not paid using one of the other methods. With respect to video tolls, MDTA is required to send the registered owner of a motor vehicle that has incurred such a video toll a notice of toll due. The owner then has 30 days to pay the toll amount. An owner who fails to pay the amount due is subject to a civil citation and civil penalty. The civil penalty must be set by MDTA through regulations and is currently \$25.

Chapter 122 of 2015 significantly altered the video tolling collection and toll violation process to allow more flexibility for motorists who incur a video toll, beginning in fiscal 2016. Among other things, Chapter 122 does not allow MDTA to assess a civil citation until 15 days after the toll violation occurs (a toll violation occurs 30 days after the notice of toll due is issued if a person does not pay the video toll by that date). Chapter 122 also authorizes MDTA to waive any portion of a video toll due or civil penalty assessed

for a toll violation until the debt is referred to the Central Collections Unit within the Department of Budget and Management.

Toll Rates

MDTA generally has five different levels of toll rates charged at its various toll plazas for vehicles. There is a commuter plan rate, an E-ZPass rate for in-State motorists, an E-ZPass rate for out-of-State motorists, a pay-by-plate rate, and a video toll rate. For example, the toll rates for a two-axle vehicle at the Francis Scott Key Bridge (as well as the Harbor Tunnel and the Fort McHenry Tunnel) are as follows:

- \$1.40 for the commuter plan;
- \$3.00 for in-State E-ZPass;
- \$4.00 for out-of-State E-ZPass;
- \$4.00 for pay-by-plate; and
- \$6.00 for video.

All of MDTA's toll facilities generally use a similar toll structure (although the toll amount may vary); however, MDTA also offers E-ZPass users who live near the Thomas J. Hatem Memorial Bridge unlimited trips across the bridge for \$20 per year.

Recent Audit Findings

A recent audit of MDTA conducted by the Office of Legislative Audits (OLA) contained two findings, and the Joint Audit and Evaluation Committee held a hearing to discuss the findings with MDTA and OLA in December 2021.

First, OLA found that MDTA did not sufficiently determine the impact of certain issues with its electronic toll collection system on its customers and identify and correct related customer overbillings. Specifically, OLA noted that although MDTA investigated and corrected equipment errors during the implementation of its new AET tolling system, it did not always ensure all customers were refunded for those overbillings. OLA recommended that MDTA (1) review and evaluate significant tolling issues and (2) review previously identified electronic toll issues to determine the extent of customer overbillings and, in consultation with legal counsel, assess the practicality of related customer restitution.

Second, OLA found that MDTA did not perform periodic documented reviews of system access capabilities granted to State and contractual employees on its old electronic tolling and customer service system as required by the State's Information Technology Security Manual. The audit report recommended that MDTA perform periodic documented reviews of user access to its electronic tolling and customer service system, including the new

systems once implemented, and take appropriate corrective action for any improper or unnecessary user access.

OLA noted that MDTA's response to the audit report indicated general agreement with the findings and recommendations. OLA's report and MDTA's response can be found on [OLA's website](#).