

Department of Legislative Services  
Maryland General Assembly  
2022 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 38

(Delegate Healey)

Environment and Transportation

Budget and Taxation

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Maryland Transportation Authority - Video Tolls - Collection

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This bill reestablishes Chapter 547 of 2018, which terminated May 31, 2021, by (1) expressly authorizing the Maryland Transportation Authority (MDTA) to recall a delinquent account from the Central Collection Unit (CCU) if specified conditions are met and (2) prohibiting CCU from collecting any debt that is recalled by MDTA. **The bill takes effect June 1, 2022.**

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Fiscal Summary

**State Effect:** Nonbudgeted revenues, special fund revenues and expenditures, and general fund revenues may be affected, as discussed below.

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

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary/Current Law:** The bill reestablishes Chapter 547, which terminated May 31, 2021. Specifically, the bill authorizes MDTA to recall a delinquent account from CCU if (1) the account exceeds \$300 in unpaid video tolls and associated civil penalties; (2) the video tolls in question were assessed within a 30-day period; and (3) mitigating factors exist with respect to the tolls and penalties, as determined by MDTA. Under current law, MDTA may only recall an account from CCU if there is an error with the toll violation that is MDTA's fault.

For information on MDTA's recent transition to all-electronic tolling, methods that customers may use to pay tolls, and the assessment of civil penalties on unpaid video tolls, please see the **Appendix – Maryland Transportation Authority and Tolling**.

Under current law, 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 Fiscal Effect:** A precise estimate of the bill's effect on MDTA's finances cannot be reliably estimated, as the effects depend on (1) how many future accounts involve or will involve mitigating factors that make them eligible for recall and (2) how much of the debt that is recalled and collected or waived would have been collected by CCU in the absence of the Act. However, the general effects are summarized below:

- MDTA nonbudgeted revenues decrease to the extent that MDTA recalls and waives some or all of a customer's outstanding tolls and penalties from CCU but increase to the extent that doing so allows the collection of toll and penalty revenues that would not have otherwise been collected. It is unclear whether the overall effect is a net increase or decrease in revenues.
- CCU special fund revenues decrease to the extent that debt is recalled by MDTA and, therefore, not collected by CCU. Special fund expenditures decrease correspondingly as CCU spends less time and fewer of its resources attempting to collect the recalled debt.
- General fund revenues also decrease (likely minimally) to the extent that debt is recalled and collected by MDTA instead of CCU, because CCU reverts a portion of the 17% fee it collects on outstanding debt back to the general fund. For the debt that is recalled and collected by MDTA, this general fund revenue is lost.

*For context*, MDTA has previously advised that during the first 13 months that Chapter 547 was in effect (1 month in fiscal 2018 and all of fiscal 2019), MDTA recalled from CCU about \$6.5 million in outstanding toll violation debt. Of that total, approximately \$1.0 million was collected, approximately \$5.4 million was waived, and approximately \$90,000 is still outstanding. More recent data is not instructive because MDTA temporarily stopped collections of toll violations due to the COVID-19 pandemic.

## **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Maryland Department of Transportation; Judiciary (Administrative Office of the Courts); Department of Legislative Services

**Fiscal Note History:** First Reader - February 27, 2022  
fnu2/lgc Third Reader - March 17, 2022

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## **Appendix – Maryland Transportation Authority and Tolling**

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### *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](#).