

HB0335_FAV_JOTF Budget and Taxation Committee.pdf

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Position: FAV



Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF House Bill 335:

Maryland Transportation Authority - E-ZPass - Disputes of Charges and Fees

TO: Hon. Guy Guzzone, Chair, and members of the Senate Budget & Taxation Committee

FROM: Caleb Jasso, Policy Advocate

DATE: March 30, 2022

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates for policies and programs to increase the skills, job opportunities, and incomes of low-skill, low-wage workers and job seekers in Maryland. We support **House Bill 335** because by providing E-ZPass account holders the ability to dispute any charges or fees to the person's E-ZPass account within 1 year after the charge or fee is posted, **House Bill 335** will lessen the financial burden of Marylanders who may still be struggling because of the financial hardship caused by the ongoing COVID-19 pandemic and will expire on June 30th, 2023.

In an effort to lessen the financial burden caused by shutdowns and significant layoffs, EZ-Pass account transactions were deferred temporarily, although most customers believed that, due to the lack of charges for two years, the payments had been waived. To the dismay and surprise of many, EZ-Pass accounts were suddenly billed for all past usage at once. Not only were some bills extremely high due to the accumulation of deferred charges, but during the deferral period, EZ-Pass underwent a change in vendors which resulted in the upgrading of equipment. Although the much needed upgrades were a move in the right direction, the new system had glitches that had not been rectified which resulted in many transponder holders being **overcharged**.

According to a recent audit of MDTA conducted by the Office of Legislative Affairs (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. Additionally a significant number of EZ-Pass users have not only been complaining of overbilling, but have had difficulty logging into their accounts to replenish their balance and resolve any type of payment or billing issue; these payment issues are now burdening customers with stiff financial penalties.

The billing issues associated with EZ-Pass have led, as of Monday March, 28th, **32,087 thousand Marylanders** to sign an ongoing petition, [found here](#), requesting that Governor Hogan appoint a task force to investigate the issues further and that all actions and fees be held while the investigation takes place. According to the petition, and the thousands who have signed it, the billing issues are endless and abusive. Some of the many issues users have claimed to have encountered include receiving \$25 late fees without receiving any prior notices, transponders not working while drivers use tolls, bills being delivered

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

well over a year late, as well as threats of withholding vehicle registration and tax refunds. Furthermore, EZ-Pass Customer Service has been overwhelmed, with a reported 93 agents handling an average of 15,000 calls per day. This has caused wait times to exceed well over 2 hours, sometimes reaching as long as four hours putting many customers at risk of never getting the help or answers to their questions they need.

The MDTA currently has a 7-month backlog of EZ-Pass transactions due to a combination of payment and fee deferment, system and transponder deficiencies, and other related factors that have caused an enormous buildup of customer complaints; the issues surrounding EZ-Pass have placed an undue financial hardship on many, during an already turbulent financial climate. For these reasons, we urge a favorable vote on **House Bill 335**.

For more information, contact:

Caleb Jasso / Policy Advocate / caleb@jotf.org / 626-224-3543

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Uploaded by: Franz Schneiderman

Position: FAV



Auto Consumer Alliance

13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

**Testimony to the Senate Budget and Taxation Committee
HB 335 – Maryland Transportation Authority –
E-Z Pass – Disputes of Charges and Fees –
Position: Favorable**

The Honorable Guy Guzzone
Budget and Taxation Committee
3 West, Miller Senate Building
Annapolis, MD 21401
cc: Members, Budget and Tax Committee

March 30, 2022

Dear Chairman Guzzone and Committee Members,

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works for safety, transparency, and fair treatment for Maryland drivers and car buyers.

Consumer Auto supports **HB 335** because it would give Maryland drivers a more full and fair opportunity to contest some of the millions of E-Z Pass charges belatedly arriving in their accounts.

As is well-known, MdTA's sudden transition to cash-less tolling and its decision to put a hold on video tolling fees for about eight months during the pandemic caused a huge backlog of toll charges to accumulate. MDTA also paused posting toll transactions for the Inter County Connector for some months in July 2020 because of concerns about the accuracy of its tolling.

As a consequence, in addition to issuing current charges, the MDTA has said it will be working at least until mid- 2022 to send out a backlog of 23 million toll fee notices it began to issue in Oct. 2020. Many drivers are now receiving large monthly bills for fees they incurred many months ago – fees they may not remember or find difficult to verify. In recent months, the EZ-Pass service center has been overwhelmed by many thousands of calls each day from frustrated drivers, who often have to wait two hours or more to speak with someone about their charges.

The state's Sept. 2021 audit revealing many thousands of billing errors at the MdTA's five cash-less tolling sites of course raises further questions about the reliability of many of these charges.

Given Maryland's rather high fees for toll violations, unpaid toll charges can quickly turn into significant debts for Maryland drivers. And since Maryland is one the few states that still suspends vehicle registrations over toll debts, those charges can even imperil a person's ability to drive.

Expanding the time Marylanders have to challenge those fees from 120 days to one year after a charge appears in their account – as this bill would do from June 1, 2022 until it sunsets on June 30, 2023 – would give drivers a much fairer opportunity to contest and correct some of these charges.

We support HB 335 and ask you to give it a FAVORABLE report.

Sincerely,
Franz Schneiderman
Consumer Auto

Senate B&T Written Testimony_ HB335 “Maryland Tran

Uploaded by: Linda Foley

Position: FAV

LINDA FOLEY
Legislative District 15
Montgomery County

Environment and Transportation
Committee



The Maryland House of Delegates
6 Bladen Street, Room 220
Annapolis, Maryland 21401
410-841-3052 · 301-858-3052
800-492-7122 Ext. 3052
Linda.Foley@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

Testimony: HB335 “Maryland Transportation Authority—EZ Pass—Disputes of Charges and Fees”

Committee: Budget & Taxation

Hearing Date: March 30, 2022

Position: FAVORABLE

I am Delegate Linda Foley (District 15) and I am sponsoring HB 335, Maryland Transportation Authority—EZPass—Disputes of Charges and Fees, that would extend the time frame for a Maryland E-ZPass account holder to dispute charges and fees from 120 days to one year. This extension is to account for the yearlong backlog the MDTA currently faces in E-ZPass transactions.

State lawmakers have become aware of the EZ Pass program issues the MDTA is dealing with after scores of constituents have reached out for help. Maryland drivers are complaining about E-ZPass overbilling, being unable to reach customer service, and having trouble logging into their accounts to replenish their balance. These difficulties have caused many E-ZPass account holders to face stiff fines.

This issue is not new. Drivers have struggled to get through to EZ Pass for well over 1 year. The “EZ Pass debacle”, as some lawmakers refer to it, began when MDTA switched vendors to upgrade its equipment and switch over to an electronic billing system. The new system had many bugs that simply were not detected until recently since billing was deferred (temporarily halted) from March 2020 until October 2020.

A 2021 fiscal compliance audit of the Maryland Transportation Authority (MDTA) for the period beginning May 10, 2016 and ending March 4, 2020 was conducted by a Senate and House Joint Audit and Evaluation Committee—led by Senator Clarence K. Lam, M.D., and Delegate Carol L. Krimm was released in September 2021—concluded that MDTA had toll equipment, software and operational deficiencies due to switching to a new billing system.

MDTA did not counter this conclusion. The audit came about because there were allegations on the state’s fraud, waste, and abuse hotline alleging that MDTA was not taking sufficient action to detect and address the overbilling of customers for electronic tolling due to issues with its new toll equipment.

Without a doubt, the COVID-19 pandemic health crisis just magnified the impact on MDTA’s beleaguered operations. Governor Hogan’s executive order effective March 5, 2020 to defer

billing on toll roads resulted in MDTA closing its Customer Service Centers, ceasing the collection of cash tolls, suspending notifications of video tolls due, and suspending collection efforts of unpaid tolls previously billed. On October 15, 2020, MDTA resumed the mailing of video toll notices and collection efforts on previously unpaid tolls.

Today the MDTA is still trying to rein in a minimum 7-month backlog of E-ZPass transactions. As recently as February of this year thousands of Maryland EZ-Pass users have signed a petition requesting that Gov. Larry Hogan launch an investigation into the billing system.

EZ Pass users are dealing with \$25 late fees without having received any notices, transponders do not work, old bills are being sent out a year later, as well as MDTA threats of withholding vehicle registrations and tax refunds. According to the audit, the MDTA acknowledged the new billing system had copious glitches. This coupled with the 7-month payment deferral program instituted by the state when the COVID crisis initially sprung up in March 2020 has overwhelmed the system and its ability to respond to and handle customer questions and complaints. In addition, there has been a serious staffing shortfall due to the COVID crisis that has contributed to the lack of response. These events have caused an indescribable strain on MDTA, and on E-ZPass customers.

The MDTA has publicly acknowledged these deficits and has offered an amnesty program from February 24 through November 30, 2022. Even so, the customer service continues to strain under the weight of the consumer issues. The backlog is still very real.

During the House Motor Vehicle Transportation Subcommittee hearing of HB 335, representatives of the MDTA publicly agreed to the terms of the proposal as presented to the Budget & Taxation Committee today. This proposal would change the terms and conditions for E-ZPass account holders to allow a person to dispute any charge or fee within at least 1 year after the charge or fee is posted to the person's E-ZPass account that includes a one year sunset provision. The measure would be effective from June 1, 2022 until June 30, 2023.

It is obvious this one year extension is necessary. That is why this measure passed unanimously through both the House Environment & Transportation Committee and the House chamber. I urge a favorable report on HB 335.

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Uploaded by: Marceline White

Position: FAV

Testimony to the Budget and Taxation Committee
HB 335: Maryland Transportation Authority - E-ZPass - Disputes of Charges and Fees
Position: Favorable

March 30, 2022

The Honorable Guy Guzzone, Chair
Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401
cc: Members, Budget and Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

We are writing today in support of HB 335. This bill requires the Maryland Transportation Authority (MDTA) to allow a person to dispute any charge or fee within at least three years after the charge or fee is posted to their E-ZPass account. This is a much needed consumer protections policy that will aid Marylanders recovering from COVID-19 economic hardships and protect them from system errors and overcharges.

In 2018, MCRC released a research report, *No Exit: How Maryland's Debt Collection Practices Deepen Poverty & Widen the Racial Wealth Gap*, which details the fines and fees that derail the efforts of low-income Marylanders to gain a stronger economic foothold and achieve financial stability.¹ Our report found that in recent years as electronic-tolling has grown in popularity, state-owed debt related to electronic-tolls and their associated civil penalties has grown exponentially.

As of 2020, cashless all-electronic tolls became permanent across Maryland's highways and bridges.² Our research found that drivers who are un- or underbanked have more barriers in using the E-ZPass system. In Maryland, 4.8% of households are unbanked and 23.9% are underbanked.³ Thirty percent of E-ZPass users do not have a bank account or credit card connected to their account and must make payments manually.⁴ Toll amounts can result in severe economic hardship for many individuals and several individuals have declared bankruptcy due to the cost of mounting tolls.

Today, many Maryland families are suffering with the twin crises of the pandemic and economic recession. Many households are financially fragile at this time and are struggling to keep their homes, keep food on the table, and pay medical bills. E-ZPass accounts and transactions were deferred as part of COVID Relief in 2020 to lessen the financial strain caused by COVID-19 layoffs and shutdowns. Many consumers falsely believed

1

https://static1.squarespace.com/static/5b05bed59772ae16550f90de/t/61e0ace0126a434a26bcf3f4/1642114273947/No_Exit_Report.pdf

2

<https://www.wbaltv.com/article/cashless-all-electronic-tolls-permanent-maryland-highways/33534882#>

³ <http://scorecard.prosperitynow.org/2016/state/md>

4

https://www.washingtonpost.com/local/trafficandcommuting/maryland-rakes-in-millions-of-dollars-from-toll-fines-and-penalties/2018/04/28/f19b9c40-4408-11e8-8569-26fda6b404c7_story.html

2209 Maryland Ave · Baltimore, MD · 21218 · 410-220-0494

info@marylandconsumers.org · www.marylandconsumers.org · Tax ID 52-2266235

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that payments had been waived. The agency's deferred billing program has caused more financial hardships on E-ZPass account holders who are now being billed for past usage all at once.

HB 335 would give consumers the power to advocate for themselves and challenge any charge or fee posted to their E-ZPass account within three years. While this bill places the onus on the consumers, rather than the industry to fix its mistakes, MCRC believes it is a necessary step to create stronger protections for consumers.

This bill is further needed to protect consumers from the severe consequences of these unpaid bills. Bills sent to the Central Collection Unit (CCU) can be pursued through many means, including court action, wage garnishments and interception of payments from state and federal agencies. There is also a steep fee included in the CCU's pursuit of unpaid debt and the CCU may report unpaid debt to credit bureaus. Depending on the size of the debt, vehicle registration may be flagged for non-renewal or suspension. Many of these consequences make it even more challenging for consumers to pay their delinquent bills.

For all these reasons, we support HB 355 and urge a favorable report.

Best,

Marceline White
Executive Director

HB0335 - MDTA - EZPass - Disputes of Charges and F

Uploaded by: Patricia Westervelt

Position: INFO

March 30, 2022

The Honorable Guy Guzzone
Chairman, Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

Re: Letter of Information – House Bill 335 – Maryland Transportation Authority – E-ZPass – Disputes of Charges and Fees

Dear Chairman Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) take no position on House Bill 335 but offer the following information for the Committee's consideration.

As amended, House Bill 335 would require any person applying for an *E-ZPass* account to agree to abide by the terms and conditions established by the MDTA and would also require that the terms and conditions for an *E-ZPass* account include the ability for a customer to dispute *E-ZPass* charges for the use of a Maryland toll facility within one year of being posted to their account. The proposed bill would sunset after one year and one month of enactment.

The requirements of House Bill 335 would alter the existing MDTA terms and conditions, which require disputes be made within 120 days from the date the transaction is posted to the account. The MDTA currently works with customers to rectify disputed charges and retains detailed account information for the 120-day timeframe in the tolling system. To hold account information for up to one year will require additional storage capacity in the tolling system. The purchase and installation of this additional storage is estimated to cost \$200,000. Further, while the terms and conditions prevent official disputes beyond 120 days, the MDTA always encourages its customers to check their statements and to contact the MDTA if there are concerns. The MDTA will always fully investigate each unique case and assist customers, as appropriate.

The current practice of requiring disputes be made within 120 days provides customers ample time to dispute a toll during normal conditions. As a comparison, federal law requires credit card companies to allow their customers 60 days from when their charge appears on their statement to dispute a charge; Maryland *E-ZPass* provides its customers twice as long to dispute. Additionally, as the pandemic backlog tolls are processed, the MDTA has been actively working with *E-ZPass* customers to resolve older account issues, such as expired credit cards and image tolls from transponders that are not mounted correctly, by providing video toll transfers to their *E-ZPass* account, toll rate reductions from video tolls to image tolls, and civil penalty waivers for *E-ZPass* customers who received video tolls from unfunded *E-ZPass* accounts.

The Honorable Guy Guzzone
Page Two

Since transitioning to the new tolling system in April 2021, the MDTA has waived over 174,500 civil penalties to settle customer's outstanding tolls. Furthermore, on February 24, 2022, the MDTA Board approved a Customer Assistance Plan which will provide waivers on civil penalties for each video toll paid on or before November 30, 2022. These actions demonstrate the MDTA's commitment to investigate every unique customer case.

The MDTA is unable to reliably estimate the fiscal impact of House Bill 335, as the magnitude of the MDTA's revenue reductions depends on multiple factors, such as the extent to which customers do not replenish *E-ZPass* accounts, while waiting to leverage extended dispute provisions. This may extend the duration of delinquency and size of the debt, where customers may elect not to pay while reserving their one-year right to dispute. The Commercial Collection Agencies of America found "that the probability of full collection on a delinquent account drops drastically according to the length of delinquency."

Since 1971, the MDTA has been responsible for constructing, managing, operating, and improving the State's eight toll facilities, as well as for financing new transportation projects under its purview. The MDTA is entirely reliant on tolls collected from its users as the MDTA does not receive any state General Fund or Transportation Trust Fund dollars and is governed by an 8-member Board, with the Secretary of Transportation serving as Chair.

The Maryland Department of Transportation and the Maryland Transportation Authority respectfully request the Committee consider this information when deliberating House Bill 335.

Respectfully submitted,

Bradley Ryon
Manager of Government Relations
Maryland Transportation Authority
410-387-5253

Pilar Helm
Director of Government Affairs
Maryland Department of Transportation
410-865-1090