
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.

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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,

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