

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 408 (Delegate Parrott, *et al.*)
Environment and Transportation

Maryland Transportation Authority - E-ZPass Account Maintenance Charge -
Prohibition

This bill prohibits the Maryland Transportation Authority (MDTA) from imposing an E-ZPass account maintenance charge. An “E-ZPass account maintenance charge” is a charge imposed by MDTA in an equal amount on all E-ZPass account holders on a regularly recurring basis to recover aggregate costs incurred by MDTA related to administering and maintaining E-ZPass accounts.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: MDTA nonbudgeted revenues decrease by approximately \$6.0 million annually beginning in FY 2016 due to forgone revenue from maintenance charges. MDTA nonbudgeted expenditures are not materially affected.

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

Small Business Effect: Minimal.

Analysis

Current Law: Since 1971, MDTA has been responsible for constructing, managing, operating, and improving the State’s toll facilities 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. The Secretary of

Transportation serves as MDTA's chairman. MDTA transportation facilities projects include:

- bridges, tunnels, and toll highways (*e.g.*, Susquehanna River Bridge; Harry W. Nice Memorial Potomac River Bridge; William Preston Lane, Jr. Memorial Chesapeake Bay Bridge and parallel Chesapeake Bay Bridge; Baltimore Harbor Tunnel; Fort McHenry Tunnel; Francis Scott Key Bridge; and John F. Kennedy Memorial Highway);
- vehicle parking facilities located in priority funding areas;
- other projects that MDTA authorizes to be acquired or constructed; and
- any authorized additions or improvements to MDTA projects.

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.

Prior to fixing or revising tolls on any part of any transportation facilities project, MDTA must provide the Senate Budget and Taxation Committee, Senate Finance Committee, House Appropriations Committee, and House Ways and Means Committee information on the proposed toll charges, including the annual revenues generated by the toll charges; the proposed use of the revenues; and the proposed commuter discount rates.

Prior to increasing a toll, current regulations require that MDTA provide 60-days public notice, take public comments for a period of at least 60 days, and accept oral comments during at least one public meeting held during the public comment period.

Background: E-ZPass is an electronic toll collection system that allows drivers to prepay their tolls, eliminating the need to stop at toll plazas. It consists of three components: (1) a transponder placed in participating vehicles that emits an electronic signal; (2) an antenna at the toll plaza to read the signal as vehicles pass through; and (3) video cameras to identify toll evaders. Transponders cost \$34 each (which includes a \$9 nonrefundable transponder fee and a pre-paid toll balance of \$25). In addition, MDTA charges a monthly maintenance fee of \$1.50 to E-ZPass users who do not make at least three E-ZPass toll facility transactions per month. E-ZPass is used 17 states, primarily in the Northeast and Mid-Atlantic regions.

MDTA has three different levels of toll rates charged at its various toll plazas for two-axle vehicles:

- a cash rate;
- an E-ZPass rate; and
- a commuter rate.

State Fiscal Effect: MDTA nonbudgeted revenues decrease by approximately \$6.0 million in fiscal 2016 and future years due to forgone E-ZPass account maintenance charge revenue. This estimate is based on actual account maintenance fee revenue generated in fiscal 2014.

Additional Information

Prior Introductions: HB 1256 of 2010 received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: None.

Information Source(s): Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2015
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