

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 35 (Delegate McConkey)
Environment and Transportation

Maryland Transportation Authority - Chesapeake Bay Bridge - Toll Collection

This bill requires the Maryland Transportation Authority (MDTA) to implement an all-electronic tolling (AET) system on the William Preston Lane, Jr. Memorial Chesapeake Bay Bridge by July 1, 2026. Specifically, MDTA must require all tolls on the bridge to be paid by an electronic means that allows vehicles to pass through the toll plaza without stopping at a toll booth.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: The bill has no fiscal or operational effect on MDTA's current six-year *Consolidated Transportation Program (CTP)*. Given the timeframe established by the bill, any additional costs are not incurred until well beyond the scope of this fiscal and policy note. MDTA advises that it has decided to delay any implementation of AET until 2019 at the earliest to address various issues, as discussed below.

Local Effect: None.

Small Business Effect: None.

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 (*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.

Chapter 397 of 2014 prohibits MDTA from implementing plans for AET at the Thomas J. Hatem Bridge before January 1, 2016. The Act also required MDTA to conduct a study of AET that includes an analysis of (1) AET in other states; (2) electronic toll collection interoperability; (3) alternative payment methods and specified toll rates; (4) issues and factors that must be addressed before AET becomes effective at specified facilities; (5) revisions to MDTA's initial AET proposal; and (6) proposed legislation, if required, relating to the implementation of AET. MDTA was required to submit the report to designated legislative committees and local elected officials by January 1, 2016.

Background: With the exception of the InterCounty Connector (ICC) and the express toll lanes on Interstate 95 north of Baltimore City, all toll plazas operated by MDTA have electronic tolling administered by E-ZPass with at least one cash toll lane. MDTA has expressed a long-term preference for converting all toll plazas to AET, and the CTP for fiscal 2014 contained plans to transition the Hatem Bridge over the Susquehanna River and the Key Bridge over the Patapsco River to AET by fiscal 2016. However, in the CTP for fiscal 2015, construction funding was removed for the Hatem Bridge project, and no additional funding was added for the Key Bridge project. The draft CTP for fiscal 2016 does not contain funding to convert any facility to AET; however, it does contain funding

for an authority-wide upgrade and replacement of existing electronic toll collection systems to increase the capacity for handling video tolling and citations.

Chapter 397 of 2014 Study Findings and Conclusion

Pursuant to Chapter 397 of 2014, MDTA conducted a study regarding AET and submitted the required report in January 2016. According to the study, 12 states are already using AET for some or all transportation facilities and toll roads. In Maryland, AET is already in use along the ICC and the I-95 express toll lanes. Regionally, New York, North Carolina, Virginia, and Pennsylvania use AET for some facilities. In its study of other states, MDTA gleaned the following:

- most toll collection agencies charge a higher rate for video tolling than transponder tolling, with a differential that ranged from 16% to 100%, whereas two agencies in Florida set the video rate equal to the pre-AET cash rate;
- transponders (or mini-transponders) are generally free, provided the account holder pre-loads the account with funds (most agencies use sticker tags, which are considerably less expensive than E-ZPass transponders);
- some agencies ran transponder raffles at the beginning of their programs to increase participation;
- almost every agency with a transponder program uses video tolling, even if it does not have an AET program; and
- every AET system is based on transponders and/or video.

In addition to its research on AET implementation in other states, the study also identified various issues relating to toll rates as well as several policy, public outreach, and business rule issues that must be addressed before AET can be implemented in Maryland. Among other things, the study noted the following:

- customers who currently use cash must be provided with options. Additional customer service staff and additional automated payment options must be provided, particularly during the early days of AET implementation;
- steps need to be taken to improve customer service and the user friendliness of the E-ZPass Maryland website;
- the notice of toll due invoice needs to be improved; it is largely viewed by the public as punitive; and
- with respect to obtaining transponders, all of the current methods should be continued, but MDTA should consider having toll collectors sell transponders in toll lanes for a period leading up to the conversion to AET.

Given the various issues identified, MDTA has decided to delay any implementation of AET until 2019 at the earliest, after the contract for the next generation of its toll systems is executed. MDTA plans to continue observing AET implementation in other states to learn more and to improve its existing customer service.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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