

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 416

(Senator Salling, *et al.*)

Finance

Environment and Transportation

Transportation - Toll Transportation Facilities Project - Annual Pass - Study

This bill requires the Maryland Transportation Authority (MDTA) to study the feasibility of offering motorists, for each toll facilities project, an option to pay a flat fee for an annual pass to use the facility. The study must include a cost-benefit analysis of an annual pass option that includes the consideration of (1) the benefit to consumers; (2) the programming and other costs necessary to implement the annual pass option; and (3) the impact on toll revenues. MDTA must submit a report of its findings and recommendations to specified legislative committees by December 1, 2016.

The bill takes effect June 1, 2016.

Fiscal Summary

State Effect: MDTA nonbudgeted expenditures increase by as much as \$300,000 in FY 2017 only to conduct the required study; this estimate assumes that MDTA conducts surveys as well as the required cost-benefit analyses. Although the bill takes effect June 1, 2016, it is assumed that there is no impact in FY 2016. Revenues are not affected.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	\$0	\$0	\$0	\$0	\$0
NonBud Exp.	0	300,000	0	0	0
Net Effect	\$0	(\$300,000)	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

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

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, tunnels, and toll highways;
- 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 of 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: 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.

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 persons required to pay by video toll. Transponders cost \$34 each (which includes a \$9 nonrefundable transponder fee and a prepaid toll balance of \$25). E-ZPass is used in 17 states, primarily in the Northeast and Mid-Atlantic regions.

The E-ZPass rate represents a 25% savings over the cash rate for most facilities projects and a 37.5% savings over the cash rate on the Chesapeake Bay Bridge. The commuter rate represents a 65% savings over the cash rate. Commuters may prepurchase a limited number of tolls at the discounted commuter rate, but they must pay those tolls within a designated amount of time, typically 45 days. **Exhibit 1** summarizes toll rates for two-axle vehicles at each MDTA toll plaza, except for the InterCounty Connector (ICC). Tolls on the ICC are all electronic; there is no cash option.

Exhibit 1
MDTA Two-axle Toll Rates

	<u>Cash</u>	<u>E-ZPass</u>	<u>Commuter</u>
Baltimore Harbor Tunnel	\$4.00	\$3.00	\$1.40 (50 trips)
Fort McHenry Tunnel	4.00	3.00	1.40 (50 trips)
Francis Scott Key Bridge	4.00	3.00	1.40 (50 trips)
JFK Memorial Highway	8.00	6.00	2.80 (25 trips)
William Preston Lane, Jr. Memorial (Bay) Bridge	4.00	2.50	1.40 (25 trips)
Thomas J. Hatem (Rt. 40) Bridge	8.00	6.00	2.80 (25 trips)
Harry W. Nice (US 301) Bridge	6.00	4.50	2.10 (25 trips)

Source: MDTA; Department of Legislative Services

Additionally, MDTA offers E-ZPass users unlimited trips across the Thomas J. Hatem Memorial Bridge for \$20 per year. The plan applies only to two-axle vehicles.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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