

Department of Legislative Services  
Maryland General Assembly  
2018 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 69  
Appropriations

(Delegate Carr)

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Maryland Transportation Authority - Video Toll Civil Penalty - Distribution to  
the General Fund

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This bill prohibits the trust agreement that the Maryland Transportation Authority (MDTA) has with its bondholders from pledging or assigning any part of the civil penalty revenues it collects. After deducting a reasonable amount to pay the administrative costs of running its video toll system, MDTA must remit the penalty revenues it collects to the general fund; however, this remittance requirement does not apply until all revenue bonds issued by MDTA before July 1, 2018 are no longer outstanding and unpaid. **The bill takes effect July 1, 2018.**

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Fiscal Summary

**State Effect:** Any effect on MDTA finances is expected to occur well outside the scope of this fiscal and policy note. It is estimated that the earliest that MDTA would be required to begin remitting civil penalty revenues to the general fund is 2041, as discussed below.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

### Current Law/Background:

#### *Maryland Transportation Authority and its Obligations to Bondholders*

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 (including penalty 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 and penalty revenues are deposited into the Transportation Authority Fund, which is wholly separate from the Transportation Trust Fund.

MDTA's revenues are used to meet its payment obligations to bondholders. MDTA currently has an Aa3 rating from Moody's Investor Service, AA- from Standard & Poors, and AA- from Fitch Ratings. These ratings are among the highest granted for tolling authorities. Credit rating agencies cite a toll entity's independent ability to set toll rates, free of political consideration or approval from an outside source, as a key factor in achieving an optimal credit rating.

MDTA does not plan to issue any additional revenue bonds until fiscal 2022. MDTA's current trust agreement pledges *all* of MDTA's revenues as bondholder security. This includes penalty revenues from toll violations.

#### *Video Tolling and Civil Penalties*

A video toll transaction occurs when a motor vehicle passes through an MDTA toll facility with a video monitoring system but does not pay the toll using cash or an electronic toll payment system. MDTA is then required to send the registered owner of the vehicle a notice of toll due. Once the notice of toll due is received, the owner has 30 days to pay the toll amount. An owner who fails to pay the amount due is subject to a civil citation and civil penalty. The civil penalty must be set by MDTA through regulations and is currently \$50. Civil penalty revenues that are collected from toll violations accrue to the Transportation Authority Fund, as noted above.

**State Fiscal Effect:** In order to implement the bill, MDTA must amend its trust agreement to exclude civil penalty revenues from the revenues that are pledged as bondholder security. It is assumed that MDTA is able to do so without incurring additional costs.

Based on the current repayment schedule for MDTA's toll-revenue bonds, the earliest date in which MDTA would be required to transfer civil penalty revenues to the general fund is July 2041, which falls in fiscal 2042. *For contextual purposes*, MDTA collected \$41.7 million in civil penalties in fiscal 2017.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - January 18, 2018  
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