

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 481
Ways and Means

(Delegate Glassman, *et al.*)

Maryland Transportation Authority - Tolls - Commuter Vehicles in
Combination with Towed Vehicle

This bill prohibits the Maryland Transportation Authority (MdTA) from charging a toll for a two-axle vehicle that is eligible for reduced tolls under a commuter rate plan and is towing another vehicle that exceeds the sum of the reduced commuter rate, and the toll for the towed vehicle based on the number of the towed vehicle's axles.

Fiscal Summary

State Effect: Potentially significant decrease in nonbudgeted revenues and expenditures, depending on the number of vehicles that qualify for discount provided under the bill. Under one scenario, the revenue loss would be \$206,100.

Local Effect: None.

Small Business Effect: Potential decrease in toll costs for towing operators that are small businesses.

Analysis

Current Law: The MdTA may fix, revise, charge, and collect rentals, rates, fees, tolls, and other charges and revenues for its use or for its services. The rentals, rates, fees, tolls, and other charges and revenues designated as security for any bonds issued by the MdTA must be fixed and adjusted from time to time to provide funds that are sufficient as long as the bonds are outstanding and unpaid to pay the costs of maintaining, repairing, and operating the transportation facilities, create reserves, and pay the interest on bonds.

Subject to certain limits, the rentals, rates, fees, tolls, and other charges and revenues are not subject to supervision or regulation by any instrumentality, agency, or unit of the State or any of its political subdivisions.

Background: Drivers of two-axle vehicles who use the M-TAG/E-Z pass are eligible for a discounted rate at the following toll facilities: the William Preston Lane Jr. (Bay), Thomas J. Hatem (Susquehanna River), and Governor Harry W. Nice (Route 301) memorial bridges, the John F. Kennedy Highway, and the Baltimore Harbor and Fort McHenry Tunnels.

MdTA also offers three flat-fee commuter discount plans to E-Z pass users with two-axle vehicles and a business plan for drivers of vehicles with three or more axles. Under MdTA policy, discounts cannot be used with vehicles towing other vehicles or for vehicles in tow. The toll rates for all axles are listed below:

Exhibit 1: Current Toll Rate Structure

<u>Number of Axles</u>	<u>Ft. McHenry & Balt. Harbor tunnels, F.S. Key Bridge</u>	<u>Bay Bridge</u>	<u>H.W. Nice Bridge</u>	<u>T.J. Hatem Bridge*</u>	<u>JFK Memorial Highway</u>
Two (w/ commuter discount)	\$.40	\$ 1	\$.60	\$.80	\$.80
Two	\$ 1	\$ 2.50	\$ 4	\$ 4	\$ 4
Three	\$ 2	\$ 5	\$ 6	\$ 8	\$ 8
Four	\$ 3	\$ 7.50	\$ 9	\$ 12	\$ 12
Five	\$ 4	\$ 10	\$ 12	\$ 16	\$ 16
Six	\$ 5	\$ 12.50	\$ 15	\$ 20	\$ 20
Unusual vehicle or wide load, 2 + axles	\$ 10	\$ 10	\$ 40	\$ 40	\$ 40

* Residents can also purchase a \$4 annual sticker for all trips.

The MdTA derives most of its revenue from tolls. The estimated fiscal 2003 toll revenue from the bridges and tunnels associated with the commuter plans described above will be \$207.5 million. MdTA's operating costs and debt service payments are estimated to exceed all revenues by \$70.7 million in fiscal 2003 (excluding \$369 million of reserve funds).

State Revenues: MdTA advises that it cannot determine the impact of the bill because it cannot estimate which multi-axle vehicles would qualify as commuters' towing vehicles, but expects the revenue loss to be significant. The Department of Legislative Services

advises that the discount would vary according to the toll facility rate and by the number of axels of the towed vehicles.

MdTA advises that the majority of the vehicles towed by a two-axle commuter vehicle have one axle, particularly recreational vehicles, and the remainder have two or three axles. Thus, in most cases, the bill would provide a 50% discount for a commuter vehicle towing a one-axle vehicle. For example, a commuter who normally pays \$5 on the Bay Bridge to tow a three-axle vehicle will pay \$2.25. Based on vehicle traffic at all toll facilities in fiscal 2001, the number of vehicles with more than two axles eligible under the bill would be 9.3 million (1,620,051 three-axle, 1,052,217 four-axle, and 6,607,055 five-axle).

Assuming that 5% of all commuter vehicles tow a one-axle vehicle (e.g., a boat) and 1% tow a two-axle vehicle, the annual revenue loss would be \$206,070 (approximately 1% of the expected fiscal 2003 toll revenue). This estimate would be significantly higher (\$439,665) if an additional 1% tow a three-axle vehicle for which a higher fee is charged.

MdTA also advises that it would likely need to increase tolls prior to 2005 as a result of the bill and that the fee structure under the bill could increase the potential for fraud.

State Expenditures: MdTA advises that the toll rate restructuring required by the bill would require software changes to the computer system, but that the cost cannot be determined at this time.

Additional Information

Prior Introductions: None.

Cross File: SB 618 (Senator Hooper, *et al.*) – Finance.

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

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