

**Department of Legislative Services**  
 Maryland General Assembly  
 2008 Session

**FISCAL AND POLICY NOTE**

Senate Bill 922 (Senator Jacobs)  
 Finance

**Thomas J. Hatem Memorial Bridge Deck Replacement - Susquehanna River  
 Region E-Z Pass - Pilot Program**

This bill requires the Maryland Transportation Authority to offer a Susquehanna River Region E-Z pass (Susquehanna E-Z Pass) that is only valid on the Thomas J. Hatem Memorial Bridge and the portion of the John F. Kennedy (JFK) Memorial Highway within Cecil County and Harford County. The pass is only valid from the commencement of the Hatem Memorial Bridge deck replacement, until a month after completion of the deck replacement project.

The bill takes effect July 1, 2007.

**Fiscal Summary**

**State Effect:** Nonbudgeted revenues could decrease by \$7.7 million in FY 2008 from foregone toll revenues from the Hatem Bridge or the JFK Memorial Highway. Future years reflect a 1% annual increase in toll revenues.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
NonBud Rev.	(\$7,721,100)	(\$7,747,000)	(\$3,109,300)	\$0	\$0
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$7,721,100)	(\$7,747,000)	(\$3,109,300)	\$0	\$0

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

**Local Effect:** Potential significant administrative expenditure increase for Cecil County and its municipalities to register individuals for Susquehanna E-Z Passes.

**Small Business Effect:** Overall minimal, however, potentially meaningful for small businesses that regularly travel on the JFK Memorial Highway and the Hatem Memorial Bridge.

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## Analysis

**Bill Summary:** MdTA can only offer the Susquehanna E-Z Pass to individuals who are properly registered. It may only be available for purchase at the administrative offices of Cecil County and participating municipal administrative offices. The price for a Susquehanna E-Z Pass is \$10 annually. It is only valid for two-axle vehicles with nothing in tow.

**Current Law:** MdTA has the power to set tolls on transportation facility projects under its supervision, including the JFK Memorial Highway and the Hatem Memorial Bridge. 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 facility 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.

**Background:** MdTA has provided for a three-and-a-half year deck replacement project on the Hatem Bridge as part of the Maryland Department of Transportation's fiscal 2008-13 Consolidated Transportation Program. The project replaces the 1.5 mile deck on the Hatem Bridge traveling between Perryville and Havre de Grace. Throughout construction, one 12-foot wide traffic lane will be maintained in each direction. This traffic maintenance plan was selected through coordination efforts with the Cecil/Harford Bridges Work Group. The deck was last renovated in 1982. The concrete and steel grate core is deteriorated, requiring replacement.

Electronic toll collection began on the Hatem Memorial Bridge in 1976, with the introduction of Automatic Vehicle Identification (AVI) decals. The decal costs \$5 annually and allows unlimited trips across the bridge in a year. Decals can be used only on two-axle vehicles and cannot be used by vehicles being towed or towing other vehicles. Decal users are not registered. Otherwise, the toll is \$5.

The John F. Kennedy Memorial (JFK) Highway is a 50-mile section of I-95 traversing northeastern Maryland from the northern Baltimore City line to the Delaware state line. There are 42 miles of the JFK in Cecil and Harford counties. Tolls are only collected northbound on the JFK; the toll facility is at Perryville, Maryland, which is located in Cecil County. The current toll for noncommuters is \$5.

E-Z Pass is the electronic tolling system used on the JFK Memorial Highway. Drivers open accounts with MdTA and receive an electronic transponder to attach to their vehicles' windshields. Tolls are directly debited from the account. E-Z Pass technology is used throughout the Northeast, especially along the I-95 corridor. On a typical E-Z Pass, tolls are debited from the holder's account, usually by credit card, or the passholder makes periodic deposits to the account.

The Hatem Memorial Bridge generated \$4.8 million in total revenues in fiscal 2007. In fiscal 2008, it is expected to generate \$3.8 million in revenues. The fiscal 2009 budget includes revenue projections of \$3.9 million.

In contrast, in fiscal 2007, the JFK Memorial Highway generated \$96.2 million in toll revenues. In fiscal 2008, toll revenues from the highway are set to total \$95.1 million. The fiscal 2009 budget estimates JFK toll revenues at \$95.9 million.

Harford and Cecil county residents currently have the opportunity to participate in two toll-discount programs: the AVI decal, which provides unlimited use of the Hatem Bridge for \$5.00 a year, and the Baltimore-Area commuter plan, which charges 16% of the normal full fare rate or 80 cents for each round trip on JFK.

**State Effect:** Legislative Services advises that MdTA toll revenues could decrease \$7.7 million in fiscal 2009, \$7.7 million in fiscal 2010, and \$3.1 million in fiscal 2011. This estimate, which reflect the bill's July 1, 2007 effective date, is based on

- conversion of 25% of Maryland non-AVI decal or Baltimore Regional commuter plan customers to the proposed Susquehanna Plan; and
- direct traffic increases resulting from the Susquehanna E-Z Pass. Fiscal 2011 loss in toll revenues includes a 40% reduction in toll revenues to account for the completion of the project and the one-month extension period after completion, during which the Susquehanna E-Z Pass is still valid, under the bill.

MdTA advises that under federal law, it cannot limit who can take advantage of commuter plans; accordingly, Maryland nonresidents could acquire the Susquehanna E-Z Pass. While the bill requires in-person registration for the Susquehanna E-Z Pass, it does not limit it to residents of Cecil and Harford counties.

**Small Business Effect:** Small businesses that regularly use business vehicles on the JFK and the Hatem Memorial Bridge would benefit from decreased tolls. Depending on the number of trips, this effect could be significant.

## **Additional Information**

**Prior Introductions:** A similar bill, HB 1026 of 2007, was heard by the House Ways and Means Committee but no further action was taken.

**Cross File:** HB 956 (Delegate Rudolph, *et al.*) – Ways and Means.

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

**Fiscal Note History:** First Reader - March 3, 2008  
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