

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 1256
Ways and Means

(Delegate Barkley, *et al.*)

**Maryland Transportation Authority - E-ZPass Account Maintenance Charge -
Prohibition**

This bill prohibits the Maryland Transportation Authority (MDTA) from imposing an E-ZPass account maintenance charge. An “E-ZPass account maintenance charge” is a charge imposed by MDTA in an equal amount on all E-ZPass account holders on a regularly recurring basis to recover aggregate costs incurred by MDTA related to administering and maintaining E-ZPass accounts.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: MDTA nonbudgeted expenditures increase in FY 2011 and future years to the extent the prohibition necessitates an amendment to the trust agreement with MDTA’s bond holders. MDTA nonbudgeted revenues decrease by \$9.3 million in FY 2011 and future years due to forgone fee revenue.

(\$ in millions)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
NonBud Rev.	(\$9.3)	(\$9.3)	(\$9.3)	(\$9.3)	(\$9.3)
NonBud Exp.	-	-	-	-	-
Net Effect	(\$9.3)	(\$9.3)	(\$9.3)	(\$9.3)	(\$9.3)

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

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law: 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.

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.

Background: Established in 1971 as an independent, nonbudgeted State agency, MDTA manages, operates, and maintains the State's seven toll facilities (four bridges, two tunnels, and one highway) and provides law enforcement for these facilities, as well as Baltimore/Washington International Thurgood Marshall Airport and the Port of Baltimore. Toll revenues and bonds are used to finance these projects.

MDTA facilities currently allow users to pay tolls electronically with an E-ZPass. The E-ZPass system is used across the northeastern United States as a method for collecting tolls and any valid E-ZPass account works on MDTA facilities. Individuals invest in an E-ZPass transponder, and the toll assessment amount is deducted electronically in accordance with facility use. An E-ZPass transponder costs \$21, and there is a monthly E-ZPass maintenance fee of \$1.50 per account. The account maintenance fee helps offset MDTA's costs associated with operating the E-ZPass system.

State Fiscal Effect: MDTA advises that bond rating agencies look favorably upon its ability to independently fix or revise tolls, and limits to this authority may result in an increased cost to borrow. Nonbudgeted expenditures increase to the extent the account maintenance charge prohibition results in an amendment to the trust agreement with MDTA's bondholders.

MDTA nonbudgeted revenues decrease by \$9.3 million in fiscal 2011 and future years due to forgone E-ZPass account maintenance charge revenue. Among other variables, this estimate is based on the \$4.8 million in actual account maintenance fee revenue generated during the first six months of fiscal 2010.

Small Business Effect: Small businesses benefit to the extent they have an E-ZPass and are no longer required to pay monthly E-ZPass account maintenance charges.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 25, 2010
mlm/lgc

Analysis by: Amanda Mock

Direct Inquiries to:
(410) 946-5510
(301) 970-5510