

Department of Legislative Services  
 Maryland General Assembly  
 2010 Session

FISCAL AND POLICY NOTE

House Bill 1007 (Delegate Ali, *et al.*)  
 Ways and Means

Highway Electronic Toll and Fee Consolidation Act

This bill limits the Maryland Transportation Authority (MDTA) to sending not more than one “notice of toll due” per month to the registered owner of a vehicle and requires MDTA to consolidate tolls owed, including vehicle and owner identification costs, into that one monthly notice of toll due. MDTA must assess only one fee for invoice, payment process, and mailing costs for each monthly notice of toll due. Regardless of the number of transactions specified in a notice of toll due, MDTA must assess the same fee for collection of unpaid tolls. MDTA must develop a web site that provides toll payment history and balance information by vehicle registration plate number.

Fiscal Summary

**State Effect:** MDTA nonbudgeted expenditures increase by \$575,000 in FY 2011 for software and web site development, operations, and maintenance. Future year expenditures reflect inflation. MDTA nonbudgeted revenues decrease by \$2.7 million in FY 2011 and by \$3.6 million annually thereafter due to forgone fee revenue.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
NonBud Rev.	(\$2,700,000)	(\$3,600,000)	(\$3,600,000)	(\$3,600,000)	(\$3,600,000)
NonBud Exp.	\$575,000	\$101,000	\$102,000	\$103,000	\$104,100
Net Effect	(\$3,275,000)	(\$3,701,000)	(\$3,702,000)	(\$3,703,000)	(\$3,704,100)

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

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

## Analysis

**Bill Summary:** “Notice of toll due” is a bill sent by MDTA to the registered owner of a vehicle for unpaid tolls that (1) are owed by the registered owner for the use of a transportation facilities project where no cash toll is collected, and (2) could not be collected because, at the time the transportation facilities project was accessed, the registered owner did not have an electronic toll collection account or the vehicle was not equipped with a functioning transponder that was linked to an electronic toll collection account.

**Current Law:** MDTA has the authority to set tolls on transportation facilities projects under its supervision. Toll revenues, 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.

The Intercounty Connector (ICC) is a planned 18.8 mile tolled highway extending from the I-270/I-370 corridor in Montgomery County to the I-95/US 1 corridor in Prince George’s County. The ICC will be owned and operated by MDTA and the first segment, from I-370 to MD 97, is expected to open in fall 2010. The six-lane highway will be the State’s first fully electronic facility. In December 2009, MDTA approved the ICC’s tolling parameters, including the mileage rate range, pricing periods, minimum toll, and fee for video tolling. MDTA’s Executive Secretary will set the actual rates within these tolling parameters prior to the opening of the facility. MDTA will provide 10 days notice to the public of any changes to tolling rates within the established parameters. Any changes to the tolling parameters require a 60-day public comment period.

While MDTA facilities currently allow users to pay tolls electronically with an E-ZPass, the ICC will also have video tolling capability. The E-ZPass system is used across the Northeast 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 their use of facilities. An E-ZPass transponder costs \$21, and there is a monthly maintenance fee of \$1.50 per account. E-ZPass account holders can monitor their accounts via MDTA's web site. With the ICC's video tolling capability, a photograph will be taken of vehicles that go through a toll lane without a valid E-ZPass, and MDTA will send a bill to the vehicle's registered owner. In such instances, a \$3.00 service fee per transaction will be charged in addition to the toll assessment amount. This service fee policy is in effect at all MDTA facilities and helps offset costs associated with identifying registration information, printing and mailing statements, and any subsequent actions needed to recover tolls.

**State Revenues:** MDTA nonbudgeted revenues decrease by \$2.7 million in fiscal 2011 and by \$3.6 million annually thereafter due to the revenue loss associated with assessing a single monthly fee instead of a \$3.00 service fee per transaction. This estimate assumes 1.6 million transactions annually subject to the bill and the consolidation of 75% of the total annual transactions into a single notice of toll due. The fiscal 2011 estimate reflects the bill's October 1, 2010 effective date.

**State Expenditures:** MDTA nonbudgeted expenditures increase by \$575,000 in fiscal 2011 for contractual programming and development expenditures associated with developing a new web site and consolidating monthly statements and fees. Future year expenditures reflect web site and payment consolidation operations and maintenance costs and 1% annual increases in ongoing operating expenses.

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 may increase to the extent the prohibition results in an amendment to the trust agreement with MDTA's bondholders.

**Small Business Effect:** Small businesses benefit to the extent they use MDTA facilities and are no longer required to pay multiple fees.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 1, 2010  
mlm/lgc

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