

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1241 (Chair, Environment and Transportation Committee)(By
Request - Departmental - Transportation)

Environment and Transportation

Finance

Maryland Transportation Authority - Payment of Tolls and Related Fees

This departmental bill authorizes the Maryland Transportation Authority (MDTA) to waive any portion of a video toll due or civil penalty assessed for a toll violation until MDTA refers the debt to the Central Collection Unit. The bill specifies that a civil citation may not be assessed against a person who does not pay his/her video toll under a notice of toll due until 15 days after the toll violation occurs (a toll violation occurs 30 days after a notice of toll due is issued if a person does not pay the video toll by that date). The bill also expands the situations under which a person may not be liable for paying a video toll and specifies information that must be reported to MDTA to avoid toll liability.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: Overall, MDTA nonbudgeted revenues may increase to the extent the bill results in a greater collection rate of existing unpaid tolls and civil penalties. The impact on future revenues from toll violations cannot be predicted. Nonbudgeted expenditures likely decrease to the extent the bill results in fewer instances where a toll violator goes to court and MDTA is required to prepare related documents. The bill is not expected to significantly affect District Court caseloads.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: The Maryland Department of Transportation has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: If the person operating the vehicle at the time of a video toll transaction was a lessee or if the vehicle had dealer or transporter registration plates and was under the custody and control of a person other than the owner of the dealer or transporter registration plates, the information the owner must provide MDTA to make the lessee or other person liable for the toll (instead of the owner) must include that person's name, address, and driver's license identification number or federal employer identification number.

The registered owner of a motor vehicle is not liable for a civil penalty if his or her registration plate number is reported to a law enforcement agency as stolen at the time of the video toll transaction and other specified requirements are met.

Current Law:

Maryland Transportation Authority

Since 1971, MDTA has been responsible for constructing, managing, operating, and improving the State's toll facilities and for financing new revenue-producing transportation projects. MDTA is governed by nine individuals appointed by the Governor, with the advice and consent of the Senate. The Secretary of Transportation serves as MDTA's chairman. The appointed members must reflect the racial, gender, and geographic diversity of the population of the State. Members serve four-year terms. Members are entitled to compensation and reimbursement for expenses.

MDTA transportation facilities projects include:

- bridges, tunnels, and toll highways (*e.g.*, Susquehanna River Bridge; Harry W. Nice Memorial Potomac River Bridge; William Preston Lane, Jr. Memorial Chesapeake Bay Bridge and parallel Chesapeake Bay Bridge; Baltimore Harbor Tunnel; Fort McHenry Tunnel; Francis Scott Key Bridge; and John F. Kennedy Memorial Highway);
- vehicle parking facilities located in priority funding areas;
- other projects that MDTA authorizes to be acquired or constructed; and
- any authorized additions or improvements to MDTA projects.

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. Toll revenues are deposited into the Transportation Authority Fund, which is wholly separate from the Transportation Trust Fund.

Video Tolling Established by Chapter 113 of 2013

Chapter 113 of 2013 established video tolling at MDTA facilities. A motor vehicle incurs a video toll when the vehicle passes through a toll facility but does not pay the toll using cash or an E-ZPass. MDTA is required to send the registered owner of a motor vehicle that has incurred a video toll a notice of toll due. The owner then has 30 days to pay the toll amount. Generally, an owner who fails to pay the amount due by the date specified on the notice is subject to a civil citation and civil penalty.

A person who receives an MDTA citation for failure to pay a toll (a toll violation) has 30 days to either pay the toll and civil penalty or elect to go to court. If a person fails to elect to stand trial or to pay the prescribed video toll and civil penalty within 30 days after it was mailed, or is adjudicated to be liable after trial, or fails to appear at a trial after having elected to stand trial, MDTA may (1) collect the video toll and the civil penalty by any means of collection as provided by law and (2) notify the Motor Vehicle Administration (MVA).

MVA must refuse or suspend the registration of any motor vehicle incurring an electronic toll violation if notified by (1) MDTA that a registered owner has been served with a citation and has failed to pay a toll and civil penalty for the toll violation or has failed to contest liability for the toll violation within the time or in the manner specified in the citation or (2) MDTA or the District Court that a person who elected to contest liability for a toll violation failed to appear for trial or was found guilty of the toll violation and failed to pay the toll and penalty costs.

Background: Prior to the enactment of Chapter 113, a customer that did not pay his or her toll with cash or via E-ZPass when he or she traveled through an MDTA facility was immediately subject to a citation. Through video tolling, a customer is sent a Notice of Toll Due (NOTD) in the mail and given 30 days to pay the video toll rate (which is 150% of the base toll rate). If a customer does not pay the NOTD within 30 days, only then is he or she issued a citation, including a \$50 civil penalty.

MDTA advises that it currently has no authority to settle any portion of a debt owed for toll violations, but it believes there are times when well-thought-out and measured waivers would allow MDTA to improve customer service and reduce costs in the pursuit of debts owed. Under the authority provided by the bill, MDTA plans to develop guidelines to address how settlements are granted, expecting many settlements to be one-time only events per account that grant an opportunity to educate customers on how to avoid any

issues that result in video tolling or toll violations. MDTA believes the change is necessary to ensure customers who make honest mistakes are not treated as scofflaws.

For example, MDTA advises that it occasionally receives a NOTD payment exactly one day after the payment is due. Under current law, MDTA is required to assess a civil citation against such a person. Allowing MDTA to accept a payment up to 15 days after the due date addresses this issue and is consistent with other industries, such as mortgage companies, which generally do not assess a late fee until 15 days after a payment due date.

The Judiciary advises that in 2014, there were 12,740 total violations in which the defendant requested a hearing in the District Court.

State Fiscal Effect: MDTA nonbudgeted revenues increase to the extent the bill results in a greater collection rate of existing unpaid toll violation civil penalties and video tolls; however, the total impact cannot be reliably estimated at this time. This increase could be partially offset to the extent that MDTA waives portions of outstanding tolls and civil penalties, as it is authorized to do under the bill. Any impact on revenues collected from future toll violations cannot be predicted.

MDTA nonbudgeted expenditures decrease to the extent that bill results in fewer instances where a toll violator goes to court and MDTA is required to prepare documentation and pay other court-related costs; however, the total impact cannot be reliably estimated at this time. MDTA advises that it pays about \$20 to prepare documentation for court when the recipient of a civil penalty for unpaid tolls chooses to go to court. *For illustrative purposes only*, if the bill results in 10,000 fewer trials each year, MDTA expenditures decrease by \$200,000 annually.

This analysis assumes that the bill does not materially affect MVA or District Court operations or finances.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History:
mel/lgc

First Reader - March 16, 2015

Revised - House Third Reader/Clarification - March 24, 2015

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Transportation Authority – Vehicle Laws – Payment of Certain Tolls and Related Fees for Vehicles Operating on Toll Facilities

BILL NUMBER: HB 1241

PREPARED BY: Maryland Department of Transportation / Maryland Transportation Authority (Dept./Agency)

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This legislation affects the owner of a vehicle using video tolling on an Authority highway and who has failed to pay that toll to the Authority within 30 days of being issued a Notice of Toll Due. Some vehicles could be owned by businesses in Maryland. The proposed legislation would give the Maryland Transportation Authority greater flexibility to work with small businesses to satisfy outstanding toll amounts while also being customer friendly.