



The HNTB Companies
Infrastructure Solutions

Tolling the line, part II

Maximizing toll collection on multistate facilities

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This white paper explores four policy decisions that will help owners protect their revenues, practice fiscal responsibility and do right by their paying customers.

Inside:

- Creating an equitable state border facility.
- One of the best ways to resolve multistate governance issues.
- Video tolling's usefulness as a backup to transponder-based electronic toll collection.
- Aggressive strategies for increasing revenue capture rates.

How to use this white paper:

This white paper is the second in a two-part series on tolling near or on geographic borders. It can be considered independently or in conjunction with part one, tolling near international borders. These papers are not intended to be exhaustive works but rather to trigger ideas and solutions for the challenges near-border toll facilities face. To learn more about tolling, contact Jim Ely, HNTB vice chair toll services, jlely@hntb.com or Greg LeFrois, HNTB director national toll facilities group, glefrois@hntb.com.

The rise of the multistate facility

Aging bridges and four-lane interstates can't keep up with the ballooning populations of multistate regions. Neither can departments of transportation when budgets rely on funding sources as antiquated as the infrastructure. In search of solutions, an increasing number of public transportation agencies in neighboring states are joining forces and revenues to deliver replacement facilities or new infrastructure to these choke points. Examples include:

- **The Columbia River Crossing**, a joint project of the Washington State and Oregon departments of transportation to improve safety and congestion on Interstate 5 between Portland and Vancouver.
- **The Ohio River Bridges**, a partnership between Ohio and Indiana to build two new bridges connecting downtown Louisville and southern Indiana.
- **The Brent Spence Bridge Replacement Project**, a priority by the Kentucky Transportation Cabinet and the Ohio Department of Transportation to improve mobility between Greater Cincinnati and northern Kentucky.
- **The I-95/Scudder Falls Bridge Improvement Project**, an effort of the Delaware River Joint Toll Bridge Commission, representing Pennsylvania and New Jersey.

Four questions that shape toll policy

Multistate projects are different animals from single-state facilities. For one, they demand more extensive feasibility studies. These studies must address a wider scope, regarding equity, governance, customer identification and enforcement reciprocity that arise when more than one state is involved. How owners respond to those questions will influence the facility's policies and business rules, its public image and its success as a sustainable source of infrastructure funding. Let's look at four of them:

1. Is the border a fair and equitable location for a toll facility?

If an existing bistate bridge or highway is in need of replacement or expansion, tolling can be an effective, reasonable solution. The cost/benefit correlation for the customer is evident: They pay a toll to use the facility. And, in return, they receive reliable trip times, safer commutes, increased mobility, etc.

There also are instances when tolling may be viewed by some as an opportunity to generate revenue to improve infrastructure beyond the tolled portions or in an unrelated area of the state. Officials may propose tolling the border, for example, thinking out-of-state motorists would pick up the tab.

Before implementing such a strategy, officials may want to consider the following:

- **It still burdens constituents who live or work near the border.** These taxpayers likely cross the state border daily for jobs, shopping, etc. Thus, this small pool of taxpayers would be unfairly burdened with the expense of a larger or statewide program.
- **It creates an economic barrier to entry.** Tolling a state border may be viewed as an impediment to interstate commerce, working in the state (if employees live across the state line) or to state tourism.

After understanding the consequences, officials may decide an equitable toll policy - one where those who use the facility pay for the facility - is the better approach. Here, toll revenues would be dedicated solely to maintaining, operating, repairing and expanding that facility.

2. Who takes the lead?

Even combined, state revenues often are not enough to pay for mega bistate transportation-crossing infrastructure projects, which is why many bistate projects are turning to user-fee financing through tolls. But what if the administration or legislature of one state favors building and tolling a bistate facility while the neighboring state in some way does not? How do their respective transportation entities meet the needs and expectations of their customers when no consensus can be reached at the executive or legislative level? One solution is for the pro-tolling state to assume all of the responsibility for building, operating and maintaining the toll project with the neighboring state contributing only its portion of the financing. The operating state then reimburses the contributing state after the facility is operational, provided it is generating enough revenue to do so.

Or, neighboring states may see an opportunity to toll near but not exactly on a border crossing to generate revenue for in-state infrastructure. In this case, the state that acts first is the one who crosses the finish line first. Once tolling is operational on one side, the chances of the opposite side being tolled diminish.

Even if the governors of both states equally are committed to building a toll facility, the question of who should take the lead still will need to be addressed. One of the best ways to resolve this situation is to create an independent bistate agency to oversee the facility. The Port Authority of New York and New Jersey, the Delaware River Joint Toll Bridge Commission and the new joint agency for the Brent Spence Bridge Replacement project are good examples.

3. How will we identify and collect tolls from customers who do not have transponders?

Any new toll road, bridge or tunnel that has been planned recently has been designed for all-electronic tolling to

avoid the significant capital costs, safety concerns, customer inconvenience and environmental impacts related to having traditional cash-collecting toll plazas or booths on the premises. Thus, if a new bistate facility is tolled, revenue will most likely be collected electronically while vehicles travel at normal highway speeds. Identifying and collecting the toll from customers without transponders presents another challenge.

Video tolling can help owners identify and collect payment as a backup system to transponder-based tolling until 100-percent transponder-based tolling or the equivalent is fully established. A photo is taken of the vehicle's license plate when a valid transponder is not detected and the owner is mailed a bill based on readily available (typically in-state) department of motor vehicle information. However, unless the owner has access to out-of-state vehicle data, or, better yet, an agreement of enforcement reciprocity with neighboring states, video tolling's usefulness in collecting tolls from out-of-state customers is reduced to the equivalent of the honor system.

To collect payment, the agency can send the license plate information to the away state's department of motor vehicles with a request for the vehicle owner's address. However, that DMV does not have to respond. It may be prohibited by law from responding, or it may lack the procedures and systems necessary to respond. If the DMV does respond with the requested information, the owner agency will mail a bill to the out-of-state motorist, not knowing if the address is current or if the motorist will pay.

Without appropriate levels of access and options for effective enforcement policies, the agency can be out of thousands, if not millions, of dollars. Further, the agency must explain to paying customers why some people use the facility for free.

4. How can we increase compliance?

Following are some of the more aggressive, innovative strategies owners have employed to curb or offset leakage and stop toll scofflaws:

- **Interstate reciprocity agreements.** Under a pilot program, Massachusetts, Maine and New Hampshire can impose sanctions (informally known as enforcement "hammers" or "teeth") on out-of-state toll scofflaws. Laws in these states permit:
 - In-state evaders' vehicle registrations to be held or suspended (depending on the state).
 - Each toll authority to enter into agreements with neighboring states to enforce reciprocity for out-of-state evaders.

Although enforceability exists on both sides of these state borders, differences remain. For example, New Hampshire and Massachusetts motorists who ignore bills and subsequent communication from the Maine Turnpike Authority for tolls evaded in Maine can have a "hold" placed on their motor vehicle registrations. Holds require motorists to pay the tolls before the registration can be released and renewed. Maine motorists identified as violators by New Hampshire or Massachusetts have their vehicle registrations *suspended*, a swifter, more severe penalty. Driving is illegal until the outstanding toll bills and associated DMV charges and penalties are paid and the suspension is lifted.

Maine's early results show the agreements have teeth. The Authority's percentage of violations involving out-of-state customers is approximately 20 percent, relatively low compared with other toll authorities. Still, the Authority has sent to Massachusetts the license plate numbers of 43 Massachusetts motorists who are repeat violators on the Maine Turnpike. Of those, 23 have resolved their outstanding bills for a 53-percent success rate. Total revenue received to date is \$6,504.65, which represents 100 percent of the anticipate revenue from those 23 plates. (Note: Nineteen of the 23 plates were from one trucking company.)

The Maine Turnpike Authority has sent 51 plates to New Hampshire. Twelve have been resolved, for a 24-percent success rate, totaling \$2,061.45, also 100 percent of the revenue anticipated from those 12 cases.

Massachusetts forwarded 432 Maine license plates for suspension. Of those, 277 have been resolved, a 64-percent success rate. New Hampshire sent to Maine 55 Maine license plates, and 40 have been resolved for a 73-percent capture rate. Again, 30 violations were from another trucking company.

Admittedly, these initial recoveries are minor compared to the overall revenue collection by the agency. But consider the program's other main advantage: The participating authorities can tell their customers they are doing everything legally possible to ensure everyone pays their share. That is worth more than simply evaluating the program from a revenue-recovery or cost-benefit perspective. Moreover, when these agencies eventually move away from cash collection, the video tolling revenue-recovery strategies already will be in place to better ensure financial success.

The initial pilot program between the three states, originally a one-year agreement, has been extended for two more years to Aug. 2014. The program is the first of its kind in the United States and has been viewed as a model for other agencies pursuing similar capabilities. Although many agencies previously have discussed the

need for or are considering reciprocity, the leadership in these three states proactively took their vision and made it a reality through cooperation and recognition of common interests.

It is important to note that further work may be necessary to maximize the benefits of video tolling. These reciprocity efforts focus on enforcement reciprocity for scofflaws deemed “violators” by law. In some states, the exchange of registered owner information is restricted to cases where the customer has been deemed a violator, meaning some away states cannot release the vehicle owner’s information *until* he or she officially is labeled a violator. Such restrictions exist in New Hampshire and a handful of other states, which is why the state is seeking legislative changes to extend the benefits of the reciprocity beyond the violations enforcement to future video tolling.

- **Civil judgments.** The Illinois Tollway now can pursue repeat violators in civil court. The courts have the power to garnish wages and salaries and to seize debtors’ assets. Settlements allow some forgiveness of accumulated penalties and a month-by-month payment plan.
- **Law enforcement.** Georgia’s State Road and Tollway Authority uses law enforcement to target violators of high-occupancy vehicle lanes on certain facilities in the Atlanta metro area. Bistate facilities may be interested in adopting their own versions of this enforcement tool. License plate cameras mounted on patrol vehicles stationed along the toll route can scan hundreds of plates at a time, comparing them to databases of customers or known violators. If a known violator is identified on the facility, the state’s law and the facility’s business rules should give officers the authority to pull over the vehicle and, from there, delineate the actions officers legally can take. The equipment can serve a wide variety of non-toll functions, such as identifying stolen vehicles or outstanding warrants, making the prospect attractive on multiple levels.
- **Mediation.** The North Texas Tollway Authority and the Harris County Toll Road Authority resolve outstanding accounts through mediation. A retired, impartial judge is authorized by state legislation to act in a formal setting to dismiss violations, reduce fines and payment amounts, etc., decreasing the case load on the state court system. Several states are required to use mediation. In Texas, it is voluntary. Mediation helps to reduce potential strain on court systems that operate at capacity or lack the capacity to handle the potentially large volumes of toll facility cases.

- **Publication of top-violator lists.** New Jersey and the city of Dallas publish lists of repeat violators in local media outlets in hopes of publically shaming them into payment.
- **Points on driver’s licenses.** Florida has the ability to apply points to a repeat violator’s driver’s license.
- **Property levies.** California toll agencies can seize a repeat violator’s vehicle if tolls remain unpaid.

As traditional funding diminishes, multistate toll initiatives are becoming a solution for sustainably replacing aging infrastructure and relieving regional congestion. Making policy decisions that maximize toll collection opportunities will help owners protect their revenues, practice fiscal responsibility and do right by their paying customers.

Additional Resources

For more information about tolling on or near state borders, consult the following:

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Federal Highway Administration’s Border-wide assessment of Intelligent Transportation System, Technology - current and future concepts, chapter 3

<http://ops.fhwa.dot.gov/publications/fhwahop12015/ch3.htm>

International Bridge, Tunnel and Turnpike Association

www.ibtta.org

Alliance for Toll Interoperability

<http://www.tollinterop.org/>

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