

## Department of Planning and Budget 2013 Fiscal Impact Statement

**1. Bill Number:** HB1779

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Filler-Corn

**3. Committee:** Transportation

**4. Title:** Imposition of fees tolling transponders.

**5. Summary:** The proposed legislation would prevent the Department of Transportation (VDOT) from charging monthly fees for the use of transponders for E-ZPass, VDOT's automatic electronic tolling payment program, when the transponder is used at least 10 times in the given month. According to VDOT, approximately 32 percent, or more than 300,000 customers, would be exempted from paying the fee by the proposed legislation.

VDOT operates E-ZPass Virginia for toll facilities in the commonwealth and uses fee revenue to cover costs relate to the transponders and to operate an operations and customer service center in Clifton Forge. In addition to standard transponders, VDOT also issues flex transponders for use when vehicles traveling on the I-495 HOT lanes meet the high occupancy vehicle requirements.

Beginning July 9, 2012, a fee change became effective. A monthly fee of \$0.50 per standard transponder and \$1.00 per flex transponder is collected for each transponder held by new customers. Existing customers begin paying the fee when a replacement transponder is received. Prior to the change, fees were collected from toll facility operators as a portion of the toll payment. VDOT has indicated that a fee change is required due to the increased number of transponders in use on the new toll facilities opening in Northern Virginia and Hampton Roads.

**6. Budget Amendment Necessary:** None.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

**8. Fiscal Implications:** The E-ZPass program is a self-supporting service which presently uses fees to cover costs related to acquiring, replacing and operating transponders and does not receive direct funding from VDOT. The construction of new toll facilities in Northern Virginia and Hampton Roads will increase the number of the transponders needed by drivers. VDOT estimates the cost of the E-ZPass program will rise from \$8 million annually to \$14 million by FY2018. The present fee structure is expected to help manage the demand of transponders by limiting the number of inactive transponders held in circulation. VDOT

estimates the cost for new transponders may reach as high as \$40 million and inactive transponders will cost the agency \$1 million per year. Under its previous fee structure, the E-ZPass program was forecast to run a deficit of over \$18 million in five years.

VDOT estimates that 300,000 transponder holders would be exempted from the fee. Assuming a minimum of \$0.50 in foregone monthly revenue from these customers, at least \$1.8 million in annual revenue would be lost to the E-ZPass program. In order to maintain the program at the present level, the lost revenue would need to be replaced through higher fees on the remaining customers or through toll rate adjustments. At present, VDOT only operates two of the 12 toll facilities in Virginia which utilize E-ZPass transponders. It is uncertain whether there will be difficulty in getting the other private or non-profit toll facility operators to implement any necessary toll rate adjustments that are needed to provide sufficient funding to operate the transponder program.

**9. Specific Agency or Political Subdivisions Affected:** Department of Transportation

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** Similar to HB1302.

**Date:** 1/23/2013 dpb/smc

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