

# **Civil Penalty Process For Toll Violations**

**Craig Stone**  
Assistant Secretary  
Toll Division

**Lynn Peterson**  
Secretary of Transportation

**Fiscal Year 2014, Quarter 1**  
**July - September 2013**

**Summary:**

The attached report is for the period July - September 2013 and addresses requirements in Section 209 (5) of Chapter 306, Laws of 2013 (ESSB 5024) regarding the civil penalty process for toll violations on toll facilities of the Washington State Department of Transportation, and requirements in Section 1 (5)(a) of Chapter 226, Laws of 2013 (SHB 1941).

For this period, 266,100 NOCP transactions were issued (approximately 2.9% of total transactions). The 266,100 NOCP transactions represent \$1.3 million dollars in unpaid tolls. For this reporting period, the Civil Penalty process recovered \$2.1 million in tolls and fees after debt collection costs. When fees collected are taken into consideration, this is a return of 160% of unpaid tolls as a result of the Civil Penalty process.

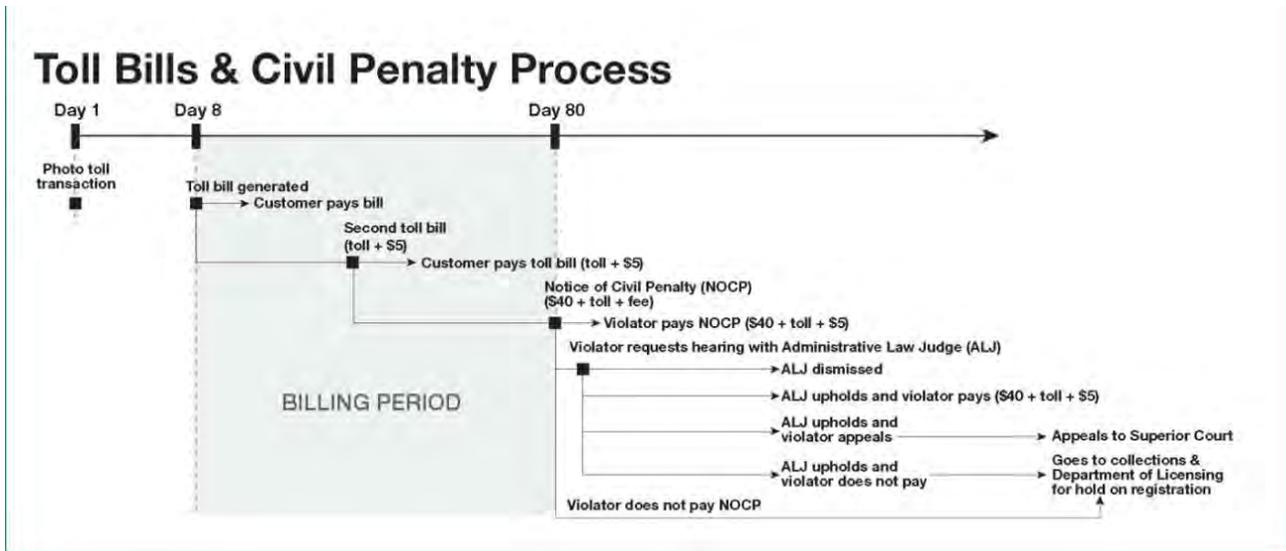
During the first quarter of FY 2014, more than 25,800 NOCP transactions were paid without an administrative hearing and more than 38,800 NOCP transactions were set for administrative hearing. NOCP recipients that did not respond by paying or requesting a hearing prior to the due date are eligible for vehicle registration holds with the Department of Licensing (DOL).

WSDOT began placing registration holds on registered owners with unpaid NOCP transactions in July 2013. Due to the nature of the DOL hold process – where registered owners are only notified about holds by the DOL at the time of their annual registration renewal – it is estimated that it will take approximately 15 months of operations before the DOL hold placements and related payments stabilize. Preliminary results related to DOL hold placements, cash collected and costs incurred for this quarter are included below. Additionally, in May 2013, WSDOT authorized the start of Outside Collections through the State's contracted collection agency.

In July 2013, WSDOT implemented SHB 1941 which sets the rules by which the administrative law judges can reduce civil penalties and fees based on certain mitigating circumstances. The process of administering, tracking and reporting on the hearing mitigation program relies heavily on manual efforts. Due to these reporting challenges, quarterly reporting will be delayed by 90 days in order to put forward the most accurate and relevant information. For example, the NOCP Proviso Report for FY 2014 Q2 (Oct – Dec 2013) will include the civil penalty mitigation figures for the previous quarter, FY 2014 Q1 (Jul – Sep 2013).

**The NOCP Process:**

WAC 468-305-500 through 582 contains provisions related to the civil penalty process, which are consistent with RCW 46.63.160. In accordance with the rules, the Department will send an NOCP to the registered owner or renter of the vehicle who has not paid a toll within 80 days.



**Project Status:**

The Civil Penalty Program continued to experience higher than expected numbers of NOCPs issued and related cash collected and higher than expected numbers of administrative hearings and related costs due to the release of a large number of toll bills held during the quality assurance initiative begun in May 2012. WSDOT expects the NOCP issuances and related revenues and expenses to stabilize by the end of FY 2014.

The quality assurance initiative was conducted as a result of customer feedback received during the first few months of the adjudication program. Customers were asserting that they were not receiving toll bills or there were other errors with their toll bills which were resulting in non-payment through no fault of the customer. In response to these assertions, WSDOT decided to hold toll bills prior to issuing an NOCP and assessing the \$40 civil penalty fee in order to validate or refute these customer claims and, if necessary, put corrective processes in place.

In July 2013, WSDOT began the DOL Registration Hold Program. Registration holds are placed on all Washington State registered vehicles with two or more unpaid NOCP transactions. As of September 30, 2013, there were approximately 312,000 unpaid NOCP transactions on SR 16 Tacoma Narrows Bridge and 621,000 unpaid NOCP transactions on SR 520 Bridge. During the quarter, more than 190,000 transactions with a total value of \$4.7 million were placed on DOL hold. Once a registration hold is placed, DOL will notify the registered owner of the debt owed during the annual vehicle registration renewal notification process. If a hold is placed on a vehicle after its annual renewal notification, it will take another year to notify the registered owner of the hold. Therefore, it is anticipated that it will take as long as 15-months to notify all registered owners related to this quarter’s hold placements that a debt is owed.

For this reason, WSDOT does not expect the results from DOL hold placements to reach a steady state until the end of FY 2015 Q1. With that, for this reporting period, WSDOT collected approximately \$60,500 related to transactions placed on DOL hold. Expenses related to DOL holds include the costs charged by DOL for participating in the revenue collection program, the costs for the CSC system vendor to place the registration hold via a secure interface, and WSDOT staff costs related to oversight and

financial accounting. For this reporting period, WSDOT incurred approximately \$118,000 in expenses related to collection on transactions placed on DOL hold.

Also in July 2013, WSDOT implemented the civil penalty mitigation program set forth in SHB 1941 from the 2013 legislative session. This program allows an administrative law judge to reduce the amount of the civil penalty and other fees imposed based on the following mitigating factors:

- Death
- Hospitalization
- Active Duty Military Service
- Eviction
- Homelessness
- Failure to receive any of the initial toll bill notices

The legislation also requires the Department to report on the results of this new program each December. WSDOT intends to include that report quarterly with the Quarterly NOCP Proviso Report. Since the current process for administering the program is heavily reliant on manual processing and tracking, the first information detailing the results will be include in the FY 2014 Q2 NOCP Proviso Report.

For FY 2014 Q1, WSDOT collected net cash in excess of expenses of \$242,635 and \$1,850,180 related to SR 16 Tacoma Narrows Bridge transactions and SR 520 Bridge transactions, respectively.

The table below details the results of debt collections activities related to WSDOT's Civil Penalty Program.

<b>FY 2014 Q1 (July - Sept 2013)</b>	<b>SR 16 Tacoma Narrows Bridge</b>	<b>SR 520 Bridge</b>	<b>Total</b>
Number of total toll transactions <sup>1</sup>	3,684,000	5,352,000	9,036,000

<b>Civil Penalty Activity Results<sup>2</sup></b>			
<b>Number of civil penalty transactions issued</b>	<b>97,540</b>	<b>168,564</b>	<b>266,104</b>
Number of civil penalty transactions paid upon receipt of the NOCP	5,214	19,627	24,841
Number of civil penalty transactions which did not receive a response	77,024	113,383	190,407
Number of civil penalty transactions requesting a written dispute in lieu of in-person hearing	5,845	13,582	19,427
Number of civil penalty transactions requesting an in-person hearing	9,457	21,972	31,429
<b>Total number of civil penalty transactions requesting adjudication</b>	<b>15,302</b>	<b>35,554</b>	<b>50,856</b>

<b>Vehicle Registration Hold Results<sup>3</sup></b>			
Number of civil penalty transactions placed on DOL Hold	71,884	118,228	190,112

<b>Debt Collection Cost and Revenue</b>			
Cash received related to civil penalty tolls <sup>4</sup>	\$71,192	\$230,271	\$301,463
Cash received related to \$40 civil penalty fee <sup>5</sup>	\$442,672	\$2,156,614	\$2,599,286
<b>Total cash received related to debt collection activities<sup>6</sup></b>	<b>\$513,864</b>	<b>\$2,386,885</b>	<b>\$2,900,749</b>
Workload costs related to debt collection activities <sup>7,8</sup>	\$271,229	\$536,705	\$807,934
<b>Net cash received related to debt collection activities (FY 2014 Q1)</b>	<b>\$242,635</b>	<b>\$1,850,180</b>	<b>\$2,092,815</b>
<b>Net cash received related to debt collection activities (FY 2014 To Date)</b>	<b>\$242,635</b>	<b>\$1,850,180</b>	<b>\$2,092,815</b>

- 1) Toll transactions as reported in the monthly toll report (RTS system). SR 16 Tacoma Narrows Bridge transactions include manually collected transactions (Toll Booths).
- 2) Civil Penalty Transaction data is queried from the ETCC database. The data is pulled 25 days after the NOCP transaction date in order to allow each recipient time to pay or request a hearing prior to the NOCP due date.
- 3) DOL Hold Program began in July 2013. Due to the timing of vehicle owner annual registration renewal, it is anticipated to take 15 months for all registered owners related to this period's registration holds to be notified by DOL.
- 4) Civil Penalty tolls collected related to SR 520 Bridge transactions are pledged to bondholders as a part of SR 520 bond covenants.

- 5) Amounts reported may include collections of any \$5 reprocessing fees related to non-payment of toll bills. At this time, available reports do not support reporting on these reprocessing fees separately from the \$40 civil penalty fee. However, their inclusion does not materially impact the results of debt collection activities related to civil penalty fees.
- 6) Amounts reported represent cash received from NOCP debt collection activities.
- 7) Financial statements report total revenues earned after NOCP recipient has been found liable through an administrative hearing or deemed liable for not responding to the notice by the due date (20 days). This differs from the amount of cash collected which is presented here.
- 8) Workload costs represent the total costs charged to each toll facility in relation all debt collection activities during this reporting period.
- 9) Results of the civil penalty mitigation process related to the implementation of SHB 1941 legislative provisions is anticipated to begin with the FY 2014 Q2 NOCP Proviso Report.