

# **Civil Penalty Process For Toll Violations**

**Craig Stone**  
Assistant Secretary  
Toll Division

**Lynn Peterson**  
Secretary of Transportation

**Fiscal Year 2014, Quarter 2  
October - December 2013**

**Summary:**

The attached report is for the period October - December 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, 197,500 NOCP transactions were issued (approximately 2.2% of total transactions). The 197,500 NOCP transactions represent \$1.0 million dollars in unpaid tolls. For this reporting period, the Civil Penalty process recovered \$1.9 million in tolls and fees after debt collection costs. When fees collected are taken into consideration, this is a return of 190% of unpaid tolls as a result of the Civil Penalty process.

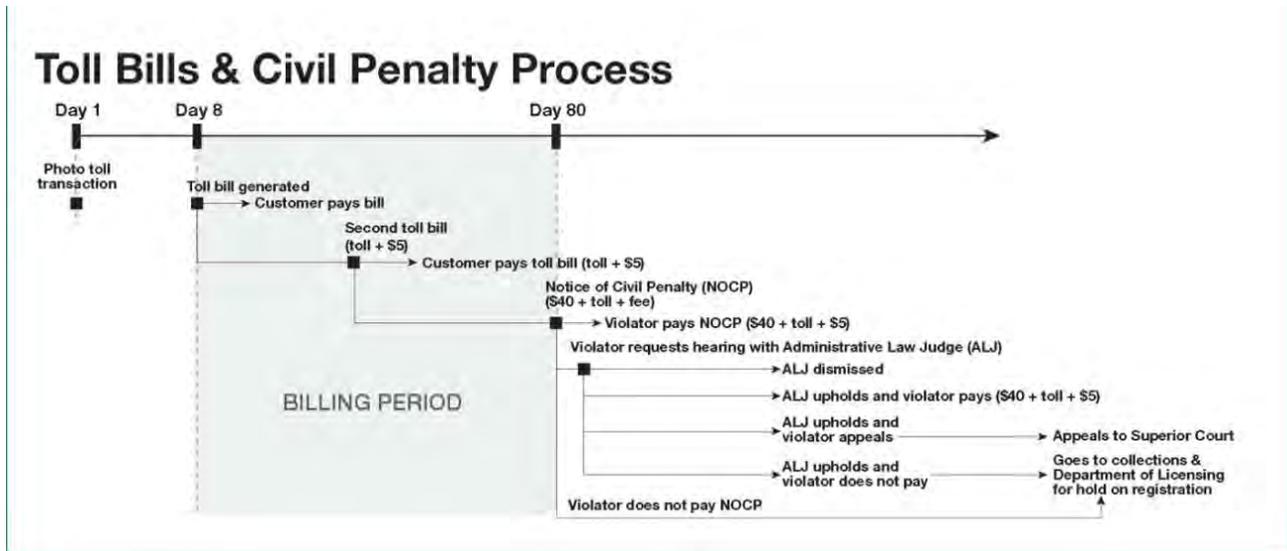
During the second quarter of FY 2014, more than 20,400 NOCP transactions were paid without an administrative hearing and more than 16,500 NOCP transactions were scheduled for administrative hearing. NOCP recipients that did not respond by paying or requesting a hearing prior to the due date are eligible 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 noticed about holds by the DOL at the time of their annual registration renewal - it is estimated that it will take approximately 15 months of operation before the DOL Hold placements and related payments will stabilize. As expected, WSDOT observed an appreciable increase in the amount of money collected through the DOL Hold process as it completed its sixth month of operations. Results related to DOL Hold placements, cash collected and costs incurred for this quarter are included below.

WSDOT implemented SHB 1941 which sets the rules by which the administrative law judges can reduce civil penalty and other fees based on certain mitigating circumstances on July 28<sup>th</sup>, 2013. The process of administering, tracking and reporting on the program relies heavily on manual processes. As a result, WSDOT is proposing to include quarter results with this report which reflects activities from the previous quarter. This will allow for the most accurate reporting of the results of the mitigation process. FY 2014 Q1 results are detailed below.

**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.

During FY 2014 Q2, WSDOT placed DOL holds on 196,800 unresolved SR 16 Tacoma Narrows Bridge transactions and 327,600 unresolved SR 520 Bridge transactions with a combined value of \$23.4 million dollars. As expected, based on the understanding of the hold noticing process by DOL, collections related to DOL holds placed improved appreciably during the quarter to \$520,000 from \$60,500 reported in the first quarter of the program. Expenses held relatively constant at \$112,000 vs. \$118,000 reported in the previous quarter.

WSDOT continued to track the results of the civil penalty mitigation process set forth in SHB 1941. Due to the lack of system programming, the process for administering, tracking and reporting on mitigations relies heavily on manual intervention. Currently, to effectively administer the program requires the full-time efforts of at least one WSDOT staff member and one CSC Operations Vendor staff member. Administration involves manually tracking the results of mitigation decisions by the administrative law judge in the hearing room, validating the results with the judge, providing the results to a CSC Operator staff member to update the system appropriately and then returning the file to the judge for final review and adjudication.

The effect of this manual process, in part, is that reporting on results does not allow for timely quarterly reporting with this quarterly NOCP Proviso Reporting requirement. For clarification, WSDOT was only asked to report on the mitigation results on an annual basis in the legislative provisions. However, for cost effectiveness, it is desirable to align the reporting on all adjudication related topics. For this reason, the current report shows results from the first quarter of fiscal year 2014 (July – Sept 2013). This is the most accurate information available at the time the second quarter report was being produced. WSDOT will continue to look for ways to streamline the administration and reporting on the mitigation program

in the future. However, until a more robust solution is available, quarterly reporting on the civil penalty mitigation results will trail the current quarter by 90 days.

During FY 2014 Q1 (July – Sept 2013), the administrative law judges heard 7,800 cases involving more than 48,000 toll transactions with a total value of \$2.3 million. They reduced the civil penalty charges on 9,300 transactions at a total reduction of \$375,000 in fees.

For FY 2014 Q2, WSDOT collected net cash in excess of expenses of \$229,927 and \$1,629,052 related to SR 16 Tacoma Narrows Bridge transactions and SR 520 Bridge transactions, respectively. For FY 2014 to date, net cash collected totals \$472,562 and \$3,479,232, respectively.

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

<b>FY 2014 Q2 (Oct - Dec 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>	3,424,000	5,394,500	8,818,500
<b>Civil Penalty Activity Results<sup>2</sup></b>			
<b>Number of civil penalty transactions issued</b>	<b>73,276</b>	<b>124,212</b>	<b>197,488</b>
Number of civil penalty transactions paid upon receipt of the NOCP	4,068	16,359	20,427
Number of civil penalty transactions which did not receive a response	57,528	80,717	138,245
Number of civil penalty transactions requesting a written dispute in lieu of in-person hearing	5,359	12,452	17,811
Number of civil penalty transactions requesting an in-person hearing	6,320	14,685	21,005
<b>Total number of civil penalty transactions requesting adjudication</b>	<b>11,680</b>	<b>27,136</b>	<b>38,816</b>
<b>Vehicle Registration Hold Results<sup>3</sup></b>			
Number of civil penalty transactions placed on DOL Hold	196,794	327,615	524,409
<b>Debt Collection Cost and Revenue</b>			
Cash received related to civil penalty tolls <sup>4</sup>	\$74,315	\$217,643	\$291,958
Cash received related to \$40 civil penalty fee <sup>5</sup>	\$413,347	\$1,831,292	\$2,244,640
<b>Total cash received related to debt collection activities<sup>6</sup></b>	<b>\$487,663</b>	<b>\$2,048,935</b>	<b>\$2,536,598</b>
Workload costs related to debt collection activities <sup>7,8</sup>	\$257,736	\$419,883	\$677,619
<b>Net cash received related to debt collection activities (FY 2014 Q2)</b>	<b>\$229,927</b>	<b>\$1,629,052</b>	<b>\$1,858,979</b>
<b>Net cash received related to debt collection activities (FY 2014 To Date)</b>	<b>\$472,562</b>	<b>\$3,479,232</b>	<b>\$3,951,794</b>

<b>FY 2014 Q1 (July - Sept 2013)<sup>9</sup></b>	<b>SR 16 Tacoma Narrows Bridge</b>	<b>SR 520 Bridge</b>	<b>Total</b>
<b>Civil Penalty Mitigation Results (SHB 1941)</b>			
Number of civil penalty transactions adjudicated	14,504	33,698	48,202
Dollar value of civil penalty transactions adjudicated	<b>\$663,712</b>	<b>\$1,542,086</b>	<b>\$2,205,798</b>
Number of civil penalty transactions w/civil penalty fees reduced	2,809	6,526	9,335
Dollar value of civil penalty fees reduced	<b>\$112,872</b>	<b>\$262,250</b>	<b>\$375,122</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) Due to challenges related to administering the civil penalty mitigation program, results shown here represent hearings and mitigated transactions from FY 2014 Q1 (July – Sept 2013).