

# **Civil Penalty Process For Toll Violations**

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**Fiscal Year 2015, Quarter 3**  
**January – March 2015**

## **Summary:**

The attached report is for the period January – March 2015 and addresses requirements in Section 209 (5) of Chapter 222, Laws of 2014 (ESSB 6001) regarding the civil penalty process for toll violations on toll facilities of the Washington State Department of Transportation.

For this period, 236,200 Notice of Civil Penalty (NOCP) transactions were issued (approximately 2.7% of total transactions). The 236,200 NOCP transactions represent \$1.2 million dollars in unpaid tolls. For this reporting period, the toll enforcement program recovered \$0.3 million in tolls and fees after debt collection costs against current period unpaid tolls and \$2.3 million against prior period unpaid tolls. As a whole, this represents 108% over the value of the toll revenue expected for the period as a result of the toll enforcement process.

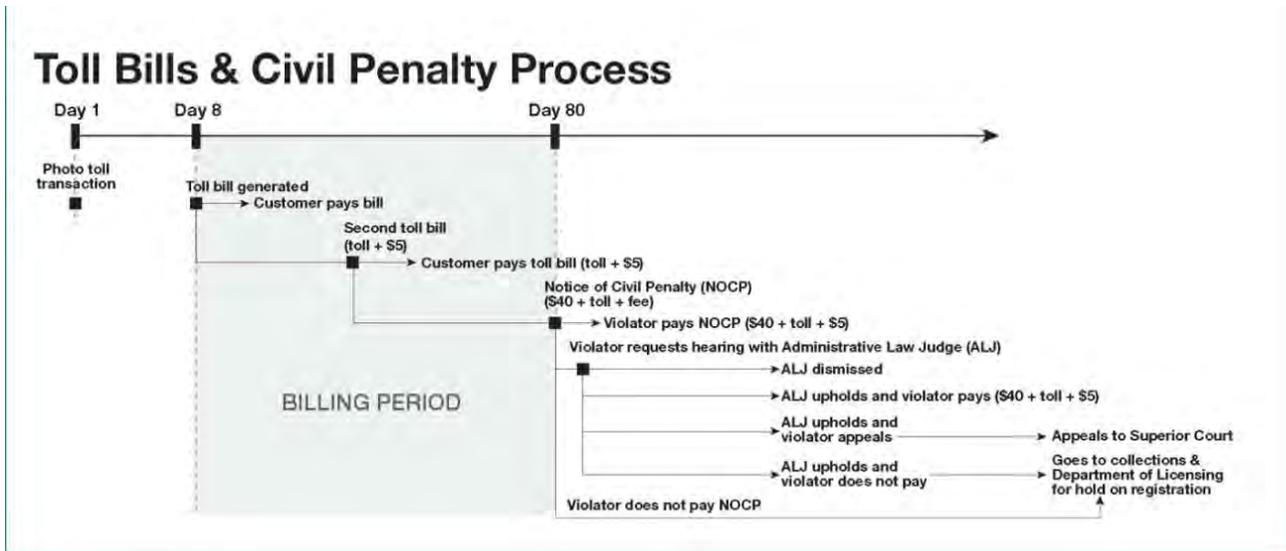
For the third quarter of FY 2015, more than 24,200 NOCP transactions were paid without going through the adjudication process and nearly 23,200 NOCP transactions were scheduled for an administrative hearing. This represents 10.3% and 9.8% of NOCP transactions issued, respectively. NOCP recipients that did not respond by paying or requesting a hearing prior to the due date may be subject to 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 18 months of operations before the DOL hold placement requests and related payments will stabilize this quarter. Since July 2013, WSDOT has requested hold placements on approximately 145,200 vehicles representing 1.6 million unpaid toll transactions and \$8.6 million in unpaid tolls. This is approximately 1.4% of total transactions since the inception of photo tolling in December 2011. The total value of tolls, fees and civil penalties (\$40 per transaction) of these DOL hold placement requests is \$69.9 million. WSDOT has collected \$7.2 million through the DOL registration hold program.

In July 2013, WSDOT implemented the civil penalty mitigation program enacted into law in May 2013 (ESSB 5024) that gives the administrative law judges the ability to reduce civil penalty and other fees based on certain mitigating circumstances. The process of administering, tracking and reporting on the program relies heavily on manual processes. As a result, WSDOT is including quarterly results with this report that reflects activities from the previous quarter. This will allow for the most accurate reporting of the results of the mitigation process. FY 2015 Q2 results are detailed below.

## **The Notice Of Civil Penalty (NOCP) Process:**

Washington Administrative Code 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:**

Unpaid toll transactions as a percentage of total toll transactions continued within the 2.3 – 2.7% range of the last four quarters. Additionally, the number of administrative hearing requests remained steady on a quarter over quarter basis at 4,282 cases vs 4,304 cases for FY 2015 Q2. The 4,282 cases represented 5,700 NOCP summaries or 6.6% of all NOCP summaries mailed for the quarter. For reference, an administrative hearing (or case) can include multiple NOCP summaries and an NOCP summary can include multiple unpaid toll trips. For the quarter, the average administrative hearing included 1.33 NOCP summaries and 5.43 unpaid toll trips for an average unpaid value of \$251.54 in tolls, fees and penalties.

Collection on unpaid tolls continued its upward trend from the FY 2014 results. Total cash collected against unpaid toll revenue was up by 41.7% over the same period last fiscal year. Toll enforcement operating costs went up by 8.8% over the same period last fiscal year which resulted in net cash collected after operating costs increase of 59.4%. For Tacoma Narrows Bridge, this net cash collected is committed to repay any operating loans or reserve balances made from the motor vehicle fund. For SR 520 Bridge, the toll amount collected will be transferred to the SR 520 account to be used for debt service payment and remaining excess revenue over expenses left in the SR 520 Civil Penalty account.

During FY 2015 Q3, WSDOT requested DOL holds on 35,600 unresolved SR 16 Tacoma Narrows Bridge transactions and 46,500 unresolved SR 520 Bridge transactions representing \$256,000 and \$214,000 in unpaid tolls, respectively. The combined value in unpaid tolls, fees and penalties is \$3.7 million. WSDOT collected \$1.9 million worth of tolls and fees during FY 2015 Q3 from vehicle registration holds. This represents approximately 54.3% of total collections through the toll enforcement program.

WSDOT continues to track the results of the civil penalty mitigation process set forth in statute. Due to the lack of system programming, the process for administering, tracking and reporting on mitigations relies heavily on manual intervention. WSDOT has included results from FY 2015 Q2 with this report. The 90-day delay allows for the most accurate reporting of results. WSDOT is projecting that the majority of any backlogged administrative hearings will be processed by the end of FY 2015. At that time, WSDOT will make a determination as to whether mitigation results can be accurately reported in the same quarter in which they are requested and scheduled.

During FY 2015 Q2 (Oct – Dec 2014), the administrative law judges heard 4,800 cases representing 23,700 toll transactions with a total value of \$1.1 million in unpaid tolls and fees. They reduced the civil penalty charges on 11,900 transactions at a total reduction of \$542,000 in fees. As would be expected, WSDOT is experiencing an increase in the number of NOCP transactions which are being paid at toll value only (reduction of civil penalty). However, when comparing the average amount collected per NOCP issued for FY 2014 Q2 to FY 2015 Q2, the mitigation process is not having an adverse effect on overall collection amounts per NOCP issued (\$9.41 in FY 2014 Q2 vs. \$9.38 in FY 2015 Q2).

For FY 2015 Q3, WSDOT collected net cash in excess of expenses of \$633,282 and \$1,949,406 related to SR 16 Tacoma Narrows Bridge transactions and SR 520 Bridge transactions, respectively. For FY 2015 to date, net cash in excess of expenses is \$1,345,411 for SR 16 Tacoma Narrows Bridge and \$5,566,353 and SR 520 Bridge. This is a fiscal year to date increase of 95.9% for TNB and a 13.9% for SR 520.

The table below details the results of debt collections activities related to WSDOT’s Toll Enforcement Program.

<b>FY 2015 Q3 (Jan - Mar 2015)</b>	<b>SR 16 Tacoma Narrows Bridge</b>	<b>SR 520 Bridge</b>	<b>Total</b>
Number of total toll transactions <sup>1</sup>	3,484,214	5,299,283	8,783,497

<b>Civil Penalty Activity Results<sup>2</sup></b>			
<b>Number of civil penalty transactions issued</b>	<b>85,564</b>	<b>150,638</b>	<b>236,202</b>
Number of civil penalty transactions paid upon receipt of the NOCP	5,293	18,936	24,229
Number of civil penalty transactions which did not receive a response	71,633	117,098	188,731
Number of civil penalty transactions requesting a written dispute in lieu of in-person hearing	2,442	5,795	8,237
Number of civil penalty transactions requesting an in-person hearing	6,196	8,809	15,005
<b>Total number of civil penalty transactions requesting adjudication</b>	<b>8,638</b>	<b>14,604</b>	<b>23,242</b>

<b>Vehicle Registration Hold Requests<sup>3</sup></b>			
Number of civil penalty transactions forwarded to DOL for registration hold	35,673	46,451	82,124

<b>Debt Collection Cost and Revenue</b>			
Cash received related to civil penalty tolls <sup>4</sup>	\$149,325	\$286,708	\$436,033
Cash received related to \$40 civil penalty fee	\$789,954	\$2,311,290	\$3,101,244
<b>Total cash received related to debt collection activities<sup>5</sup></b>	<b>\$939,279</b>	<b>\$2,597,998</b>	<b>\$3,537,277</b>
Workload costs related to debt collection activities <sup>6,7</sup>	\$305,997	\$648,592	\$954,589
<b>Net cash received related to debt collection activities (FY 2015 Q3)</b>	<b>\$633,282</b>	<b>\$1,949,406</b>	<b>\$2,582,688</b>
<b>Net cash received related to debt collection activities (FY 2015 To Date)</b>	<b>\$1,345,411</b>	<b>\$5,566,353</b>	<b>\$6,911,764</b>

<b>FY 2015 Q2 (Oct - Dec 2014)<sup>8</sup></b>	<b>SR 16 Tacoma Narrows Bridge</b>	<b>SR 520 Bridge</b>	<b>Total</b>
<b>Civil Penalty Mitigation Results</b>			
Number of civil penalty transactions adjudicated	10,113	13,599	23,712
Dollar value of civil penalty transactions adjudicated	<b>\$467,857</b>	<b>\$631,714</b>	<b>\$1,099,571</b>
Number of civil penalty transactions w/civil penalty fees reduced	5,722	6,152	11,874
Dollar value of civil penalty fees reduced	<b>\$264,626</b>	<b>\$277,010</b>	<b>\$541,636</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). The transactions reported reflect FY 2015 Q2 transaction counts. Since NOCP transactions lag their underlying toll transactions by at least 80 days, this allows for the most accurate correlation with NOCP transactions issued.
- 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 hearing request due date.
- 3) WSDOT submits hold requests with DOL on a weekly basis. The hold request is not officially entered until 120 days prior to the vehicle's registration expiration date. For this reason, a hold request can take as long as 12 months for the registered owner to be noticed.
- 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 represent cash received from NOCP debt collection activities.
- 6) 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.
- 7) Workload costs represent the total costs charged to each toll facility in relation to all debt collection activities during this reporting period.
- 8) For accuracy and completeness of reporting, results shown here represent hearings and mitigated transactions from FY 2015 Q2 (Oct - Dec 2014).