

# **Civil Penalty Process For Toll Violations**

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**Fiscal Year 2015, Quarter 2  
October - December 2014**

**Summary:**

The attached report is for the period October - December 2014 and addresses requirements in Section 209 (5) of Chapter 367, Laws of 2013 (ESSB 5024) regarding the civil penalty process for toll violations on toll facilities of the Washington State Department of Transportation.

For this period, 246,000 Notice of Civil Penalty (NOCP) transactions were issued (approximately 2.7% of total transactions). The 246,000 NOCP transactions represent \$1.3 million dollars in unpaid tolls. For this reporting period, the toll enforcement program recovered \$0.5 million in tolls and fees after debt collection costs against current period unpaid tolls and \$1.8 million against prior period unpaid tolls. As a whole, this represents 77% over the value of the toll revenue expected for the period as a result of the toll enforcement process.

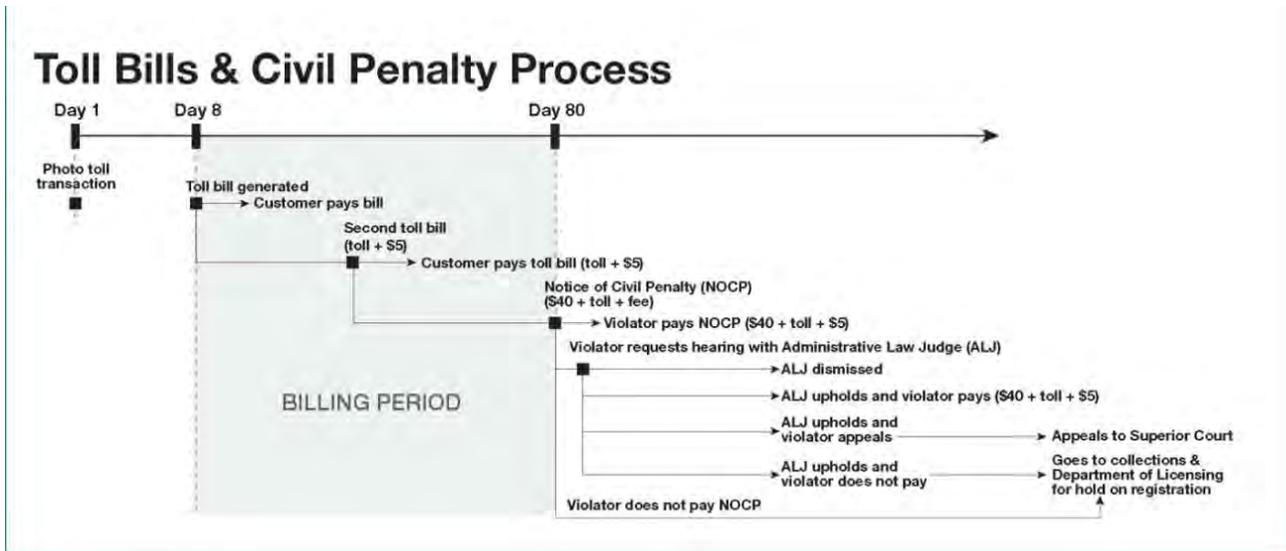
For the second quarter of FY 2015, more than 26,800 NOCP transactions were paid without an administrative hearing and almost 19,700 NOCP transactions were scheduled for administrative hearing. This represents 10.9% and 8.0% of NOCP transactions issued, respectively. NOCP recipients that did not respond 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 (FY 2015 Q3).

In July 2013, WSDOT implemented the civil penalty mitigation program enacted into law in FY 2014 (ESSB 5024) which 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 which reflects activities from the previous quarter. This will allow for the most accurate reporting of the results of the mitigation process. FY 2015 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:**

During the quarter, WSDOT experienced continued stabilization in the toll enforcement program in terms of percentage of unpaid toll transactions, administrative hearing requests, unpaid tolls collected and costs of operating the toll enforcement program.

Unpaid toll transactions as a percentage of total toll transactions continued within the 2.3 – 2.7% range of the last four quarters. The numbers of administrative hearing requests went down by 8.6% percent from FY 2015 Q1, but remain higher than the projected number of hearings for FY 2015. The increased number of hearings could have an adverse effect on toll enforcement budget estimates. WSDOT will continue to monitor the trend in hearing requests to determine whether action is required to meet any budgetary constraints.

Collection on unpaid tolls continued its upward trend from the FY 2014 results. Total cash collected against unpaid toll revenue was up by 22.9% over the same period last fiscal year. Toll enforcement operating costs went up by 20.1% over the same period last fiscal year which resulted in net cash collected after operating costs increase of 23.9%. 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 is intended to fund projects within the state route number 520 bridge replacement and HOV program.

During FY 2015 Q2, WSDOT requested DOL holds on 57,700 unresolved SR 16 Tacoma Narrows Bridge transactions and 75,000 unresolved SR 520 Bridge transactions with a combined value of \$4.4 million in unpaid tolls and fees. As with other toll enforcement metrics, DOL Hold placement requests have stabilized over the past 4 quarters. DOL Hold placement requests for FY 2015 Q1 were 53,600 and 77,000, respectively. WSDOT collected \$1.4 million worth of tolls and fees during FY 2015 Q2. This represents approximately 45.2% of total collections through the toll enforcement program.

WSDOT continued 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 Q1 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 Q4. 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 Q1 (July - Sept 2014), the administrative law judges heard 4,400 cases representing 25,700 toll transactions with a total value of \$1.2 million in unpaid tolls and fees. They reduced the civil penalty charges on 11,200 transactions at a total reduction of \$448,400 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 fee). However, when comparing the average amount collected per NOCP issued for FY 2014 Q1 to FY 2015 Q1, the mitigation process is not having an adverse effect on overall collection amounts per NOCP issued (\$7.86 in FY 2014 Q1 vs. \$8.69 in FY 2015 Q1).

For FY 2015 Q2, WSDOT collected net cash in excess of expenses of \$408,285 and \$1,895,004 related to SR 16 Tacoma Narrows Bridge transactions and SR 520 Bridge transactions, respectively. In terms of net cash collected this is 10.1% higher than the previous high mark achieved in FY 2014 Q1.

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

<b>FY 2015 Q2 (Oct - Dec 2014)</b>	<b>SR 16 Tacoma Narrows Bridge</b>	<b>SR 520 Bridge</b>	<b>Total</b>
Number of total toll transactions <sup>1</sup>	3,777,233	5,436,669	9,213,902

<b>Civil Penalty Activity Results<sup>2</sup></b>			
<b>Number of civil penalty transactions issued</b>	<b>91,631</b>	<b>154,024</b>	<b>245,655</b>
Number of civil penalty transactions paid upon receipt of the NOCP	5,750	21,053	26,803
Number of civil penalty transactions which did not receive a response	77,928	121,226	199,154
Number of civil penalty transactions requesting a written dispute in lieu of in-person hearing	2,632	6,877	9,509
Number of civil penalty transactions requesting an in-person hearing	5,321	4,868	10,189
<b>Total number of civil penalty transactions requesting adjudication</b>	<b>7,953</b>	<b>11,745</b>	<b>19,698</b>

<b>Vehicle Registration Hold Requests<sup>3</sup></b>			
Number of civil penalty transactions placed on DOL Hold	57,731	74,949	132,680

<b>Debt Collection Cost and Revenue</b>			
Cash received related to civil penalty tolls <sup>4</sup>	\$119,995	\$269,612	\$389,607
Cash received related to \$40 civil penalty fee	\$591,119	\$2,136,584	\$2,727,703
<b>Total cash received related to debt collection activities<sup>5</sup></b>	<b>\$711,114</b>	<b>\$2,406,196</b>	<b>\$3,117,310</b>
Workload costs related to debt collection activities <sup>6,7</sup>	\$302,829	\$511,192	\$814,021
<b>Net cash received related to debt collection activities (FY 2015 Q2)</b>	<b>\$408,285</b>	<b>\$1,895,004</b>	<b>\$2,303,289</b>
<b>Net cash received related to debt collection activities (FY 2015 To Date)</b>	<b>\$712,129</b>	<b>\$3,616,947</b>	<b>\$4,329,076</b>

<b>FY 2015 Q1 (July - Sept 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	7,485	18,232	25,717
Dollar value of civil penalty transactions adjudicated	<b>\$346,132</b>	<b>\$808,482</b>	<b>\$1,154,614</b>
Number of civil penalty transactions w/civil penalty fees reduced	2,910	8,299	11,209
Dollar value of civil penalty fees reduced	<b>\$116,400</b>	<b>\$331,960</b>	<b>\$448,360</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 Q1 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 Q1 (Sept – Oct 2014).