

# **Civil Penalty Process For Toll Violations**

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**Fiscal Year 2015, Quarter 4**  
**April - June 2015**

**Summary:**

The attached report is for the period April - June 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, 214,100 NOCP transactions were issued (approximately 2.4% of total transactions). The 214,100 NOCP transactions represent \$1.1 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 136% over the value of the toll revenue expected for the period as a result of the toll enforcement process.

For the fourth quarter of FY 2015, more than 24,200 NOCP transactions were paid without going through the adjudication process and nearly 23,500 NOCP transactions were scheduled for an administrative hearing. This represents 11.0% and 8.9% 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).

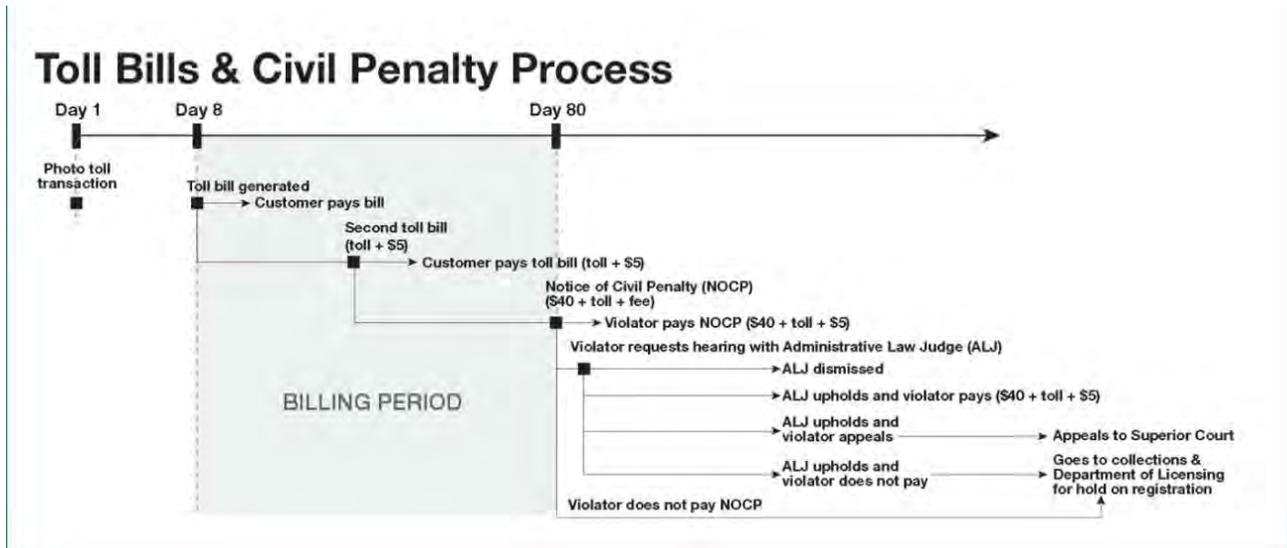
WSDOT began placing registration holds on registered owners with unpaid NOCP transactions in July 2013. Since July 2013, WSDOT has requested hold placements on approximately 190,300 vehicles, representing 1.7 million unpaid toll transactions and \$9.5 million in unpaid tolls. This is approximately 1.4% 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 \$76.6 million. WSDOT has collected \$9.2 million through the DOL registration hold program.

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. In previous quarterly reports, WSDOT's reporting has been delayed by 90 days due to the manual nature of tracking civil penalty mitigation results. In this reporting period, based on improved mitigation tracking reports, WSDOT is presenting both FY 2015 Q3 and FY 2015 Q4 results. Going forward, the quarterly NOCP report will include mitigation results from the current period.

During the 2015 Legislative session, the Legislature passed SSB 5481, which expands the civil penalty mitigation rules currently in ESSB 5024 and directs WSDOT to implement other civil penalty mitigation and customer communication programs. The goal of these new directives is to offer relief to customers who may have had billing challenges related to their toll trip and also to attempt to reduce the number of customers who may be assessed civil penalties in the future. WSDOT finalized the policies and procedures of this new program and began work with existing customers with unpaid tolls and penalties in July 2015. Per statute, the Legislature has given WSDOT until June 30, 2016 to implement other aspects of SSB 5481. Details of the program and preliminary results will be included in the FY 2016 Q1 NOCP Proviso report.

**The Notice of Civil Penalty (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 process continued to provide consistent results during this period. Unpaid toll transactions were 2.4% of total toll transactions, which was at the lower end of the 2.3 – 2.7% range experienced over that last eight quarters.

Administrative hearing requests were down 26.7% to 3,139 this period. This continues the downward trend WSDOT has experienced over the last 4 quarters. The hearing requests represent 4.0% of the 79,000 NOCP summaries mailed during the quarter. WSDOT expects this downward trend to continue as it develops other civil penalty relief programs for customers beyond requiring them to request an administrative hearing.

Collection on unpaid tolls continued its upward trend from the FY 2014 results. Total cash collected against unpaid toll revenue was up by 42.5% over the same period last fiscal year. Toll enforcement operating costs went up by 8.6% over the same period last fiscal year, which resulted in net cash collected after operating costs increase of 58.5%. 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 Q4, WSDOT requested DOL holds on 36,100 unresolved SR 16 Tacoma Narrows Bridge transactions and 60,800 unresolved SR 520 Bridge transactions, representing \$228,000 and \$284,000 in unpaid tolls, respectively. The combined value in unpaid tolls, fees and penalties forwarded to DOL for hold placement was \$4.3 million. WSDOT collected \$2.0 million worth of tolls and fees during FY 2015

Q4 from vehicle registration holds. This represents approximately 57.0% of total amount collected through the toll enforcement program.

Reporting on civil penalty mitigation this period includes results from both FY 2015 Q3 (Jan – Mar 2015) and FY 2015 Q4 (Apr – June 2015). During FY 2015 Q3, the administrative law judges heard 3,100 cases, representing 16,500 toll transactions with a total value of \$744,000 in unpaid tolls and fees. They reduced the civil penalty charges on 6,400 transactions at a total reduction of \$289,000 in fees. As would be expected, WSDOT is experiencing an increase in the number of NOCP transactions that are paid at toll value only (reduction of civil penalty). However, when comparing the average amount collected per NOCP issued for FY 2014 Q3 to FY 2015 Q3, the mitigation process is not having an adverse effect on overall collection amounts per NOCP issued (\$7.19 in FY 2014 Q3 vs. \$10.93 in FY 2015 Q3).

During FY 2015 Q4, the administrative law judges heard 2,900 cases, representing 18,200 toll transactions with a total value of \$825,000 in unpaid tolls and fees. They reduced the civil penalty charges on 10,800 transactions at a total reduction of \$436,000 in fees. As would be expected, WSDOT is experiencing an increase in the number of NOCP transactions that are paid at toll value only (reduction of civil penalty). However, when comparing the average amount collected per NOCP issued for FY 2014 Q4 to FY 2015 Q4, the mitigation process is not having an adverse effect on overall collection amounts per NOCP issued (\$7.86 in FY 2014 Q4 vs. \$12.38 in FY 2015 Q4).

For FY 2015 Q4, WSDOT collected net cash in excess of expenses of \$617,600 and \$2,019,500 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 \$1,963,000 for SR 16 Tacoma Narrows Bridge and \$7,585,800 and SR 520 Bridge. This is a fiscal year to date increase of 117.1% for TNB and a 19.7% for SR 520.

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

<b>FY 2015 Q4 (Apr - June 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>	3,382,541	5,471,464	8,854,005

<b>Civil Penalty Activity Results<sup>2</sup></b>			
<b>Number of civil penalty transactions issued</b>	<b>75,465</b>	<b>138,651</b>	<b>214,116</b>
Number of civil penalty transactions paid upon receipt of the NOCP	4,598	18,913	23,511
Number of civil penalty transactions which did not receive a response	64,256	107,372	171,628
Number of civil penalty transactions requesting a written dispute in lieu of in-person hearing	1,611	5,218	6,829
Number of civil penalty transactions requesting an in-person hearing	5,000	7,148	12,148
<b>Total number of civil penalty transactions requesting adjudication</b>	<b>6,611</b>	<b>12,366</b>	<b>18,977</b>

<b>Vehicle Registration Hold Requests<sup>3</sup></b>			
Number of civil penalty transactions forwarded to DOL for registration hold	36,068	60,844	96,912

<b>Debt Collection Cost and Revenue</b>			
Cash received related to civil penalty tolls <sup>4</sup>	\$145,678	\$332,241	\$477,919
Cash received related to \$40 civil penalty fee	\$722,738	\$2,309,237	\$3,031,975
<b>Total cash received related to debt collection activities<sup>5</sup></b>	<b>\$868,416</b>	<b>\$2,641,478</b>	<b>\$3,509,894</b>
Workload costs related to debt collection activities <sup>6,7</sup>	\$250,781	\$622,012	\$872,793
<b>Net cash received related to debt collection activities (FY 2015 Q4)</b>	<b>\$617,635</b>	<b>\$2,019,466</b>	<b>\$2,637,101</b>
<b>Net cash received related to debt collection activities (FY 2015 To Date)</b>	<b>\$1,963,046</b>	<b>\$7,585,819</b>	<b>\$9,548,865</b>

<b>FY 2015 Q3 (Jan - Mar 2015)<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	5,820	10,680	16,500
Dollar value of civil penalty transactions adjudicated	<b>\$269,984</b>	<b>\$474,268</b>	<b>\$744,252</b>
Number of civil penalty transactions w/civil penalty fees reduced	2,285	4,086	6,371
Dollar value of civil penalty fees reduced	<b>\$105,868</b>	<b>\$183,094</b>	<b>\$288,962</b>

<b>FY 2015 Q4 (Apr - June 2015)<sup>9</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	7,414	10,828	18,242
Dollar value of civil penalty transactions adjudicated	<b>\$344,791</b>	<b>\$480,604</b>	<b>\$825,395</b>
Number of civil penalty transactions w/civil penalty fees reduced	4,339	6,481	10,820
Dollar value of civil penalty fees reduced	<b>\$173,560</b>	<b>\$262,230</b>	<b>\$435,790</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 that 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) Results shown here represent hearings and mitigated transactions from the previous quarter - FY 2015 Q3 (Jan – Mar 2015).
- 9) Results shown here represent hearings and mitigated transactions from the current quarter - FY 2015 Q4 (Apr – June 2015).