

**MINORITY REPORT SUPPLEMENTING THE FINDINGS AND
RECOMMENDATIONS OF THE ASSEMBLY TRANSPORTATION COMMITTEE ON
THE E-Z PASS PROJECT**

Over the past several months, the Assembly Transportation Committee, under the leadership of Chairman Wisniewski, conducted a very pragmatic and diligent inquiry of the State's E-Z Pass system. This inquiry has brought forth areas in which the State could improve its bidding process on complex projects and it also provided an opportunity to develop some immediate solutions to specific flaws in our current electronic toll collection system.

The Republican members of this committee would like to commend Chairman Wisniewski for his contemplative, deliberate approach to the committee hearings and concur with the recommendation that this issue needs to be reviewed in greater detail by a more authoritative panel.

As the committee retraced the implementation of the system from its current status to its bidding process to its very conceptualization, it became clear that many aspects of this initiative must be thoroughly and independently analyzed by the State Commission on Investigations. While concerns of how this project was bid and how its contract was amended as E-Z Pass was being installed throughout the State are appropriate for the Assembly Transportation Committee, overarching concerns on the State's bidding process, securitization of financing, and the roles of State agencies and authorities cannot and should not be addressed by a specific issue committee of a single house of a bi-cameral Legislature.

The Republican members of this committee believe it is our more immediate responsibility to the state's motorists and taxpayers to present recommendations to realize the enormous benefits of a properly working electronic toll collection system. Those benefits cannot only be measured in reduced trip times, less congestion and smoother flowing traffic, but also by lower auto emissions. These lower emissions will help the State meet its federally mandated requirements to reduce air pollution.

The Republican members of the Transportation Committee believe consortium needs to focus its immediate attention on completing the system's installation throughout New Jersey, correcting the system's operational malfunctions and providing EZ Pass account holders a more efficient, customer-friendly service and violations center. The Consortium must also own up to the contractual obligations it agreed to in respect to financing the project if the revenue streams were not realized.

The Republican members of this committee submit the following recommendations to help provide the State's motorists and taxpayers more immediate and tangible solutions to the EZ Pass project:

- 1) **Merge Customer Service Center with the Violations Processing Center** and establish a centralized database with real time access to account transactions and toll violations. This system should be linked to and compatible with the Division of Motor Vehicle Services' computer infrastructure.
- 2) **Give the violations enforcement some teeth** -- establish a judicial component to the violations process and assign DMV points to habitual, knowing violators. Revocation of the account, at the very least, is a must. It should be noted that during her February 28, 2002 testimony before the committee, then Acting Director of the New Jersey Turnpike Authority Diane Scaccetti recommended that the State and Consortium should act aggressively to establish collection agencies as well as put tools in place to collect violations to help improve violation revenues in the remaining 6 years of the project's contract.
- 3) **Eliminate as a requirement to fulfill the contract, completing the installation of E-Z PASS in every toll lane.** Only dedicate specific lanes to electronic toll collection exclusively. Cash and ETC lanes should not be interchangeable or combined -- the convenience and purpose of having E-Z Pass is negated when a customer is forced to stop behind a cash payer because of a mixed-mode toll booth. These separate mode lane designations should be as consistent as possible along the length of the toll roads. By dedicating specific lanes as E-Z Pass only consistently at each plaza, our motorists will begin to become re-educated as to

which lanes they will need to enter at the plazas. The consistent reconfiguration should be part of a larger long-term goal of reconstructing the toll plazas from barrier plazas to high-speed passage plazas.

- 4) **Aggressively market the transponder as a form of “currency “ for other auto-reliant industries** such as gas stations, fast food, convenience stores, rental agencies and parking facilities -- even private auto inspection stations. Perhaps, as another long term goal, if DMV is linked in real time, someday the transponder could contain current vehicle registration and insurance information for law enforcement purposes.
- 5) **Create an annual membership fee for the account holder** but provide toll discounts for account holder. Like wholesale clubs, the consumer will pay an annual 'membership fee' to enjoy a discount.
- 6) **Prohibit out-of-state motorists from obtaining EZ Pass accounts in New Jersey** to help eliminate unnecessary cost overruns.
- 7) **Push for the passage of A-1512, the EZ Pass Bill of Rights**, sponsored by Assemblyman Doria. This bill will provide both a service standard for the Customer Service and Violations Center and will help to strengthen consumers' perception of EZ Pass from here on out. It will provide consumers a uniform avenue to pursue account inquiries as well as challenges to alleged violations.
- 8) **The individual members of the Consortium must adhere to the True-Up agreement** which contractually requires them to establish a reserve fund to pay off any and all financial obligations not paid by violations and fiberoptic lease revenues. Financing the E-Z Pass project should be a first priority and toll road agencies' revenues should not be diverted to fund initiatives unrelated to this system's completion. As stated by then Acting Director of the New Jersey Turnpike Authority, Diane Scaccetti (February 28, 2002), “the Turnpike Authority and the other agencies, on an annual basis, have been reserving” a contingency set

aside for payment of the bonds. The Republican members believe that these reserve funds should not be used for anything other than the intended payment, if needed in 2008, of the project costs.

The Republican members of this committee do not accept the argument that E-Z Pass is a bad investment for New Jersey. While there is still a substantial issue of financing facing the program in the long term, there is no doubt that some of that fiscal concern is a testament to the system's popularity. The State needs to be moving forward in its completion of the project and setting as a long-term goal, the implementation of a 'high speed' electronic toll collection system. The current E-Z Pass system should merely be a foundation from which New Jersey can move its highways into the 21st Century. The Consortium has an immediate obligation to the taxpayers and motorists to make that foundation fiscally and technologically solid. Since E-Z Pass has been implemented, there has been a documented reduction in vehicle congestion and harmful auto emissions. Now is the time to move forward with this system to achieve another goal of its implementation – to provide motorists a truly convenient a safe method of using New Jersey's roadways.

Assemblyman Alex DeCroce

Assembly Fran Bodine