

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE

House Bill 1510 (Montgomery County Delegation)
 Rules and Executive Nominations

Montgomery County - Transportation - Block Grant

This bill requires the State to provide an annual general fund block grant to Montgomery County, beginning in fiscal 2015, for transportation construction projects and other transportation-related capital improvements. A “block grant” is a lump sum payment of funds. The block grant amount must be \$32 million in fiscal 2015 and adjusted annually thereafter by the greater of a specified Consumer Price Index, a specified Construction Cost Index, or 5%. The block grant (1) must be provided for each year in which specified county bonds are outstanding; (2) may be pledged to the payment of debt service on specified county bonds; and (3) may be used to make payments under leases, installment purchase agreements, or any other similar agreements for the financing of county transportation projects. The block grant must be supplemental to, and not take the place of, funding that would otherwise be appropriated.

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: General fund expenditures increase by \$32 million in FY 2015 to provide the transportation block grant to Montgomery County. Future year expenditures reflect inflation. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2015.**

(\$ in millions)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	32.0	33.6	35.3	37.0
Net Effect	\$0	(\$32.0)	(\$33.6)	(\$35.3)	(\$37.0)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Montgomery County revenues increase by \$32.0 million in FY 2015, \$33.6 million in FY 2016, \$35.3 million in FY 2017, and \$37.0 million in FY 2018 due to the transportation block grant funding provided by the State.

Small Business Effect: Minimal.

Analysis

Current Law/Background: The Maryland Department of Transportation (MDOT) is responsible for statewide transportation planning and the development, operation, and maintenance of key elements of the transportation system. The Transportation Trust Fund (TTF) is a nonlapsing special fund that provides funding for transportation projects. It consists of tax and fee revenues, operating revenues, bond proceeds, and fund transfers. MDOT issues bonds backed by TTF revenues and invests the TTF fund balance to generate investment income. A portion of TTF revenues is credited to the Gasoline and Motor Vehicle Revenue Account (highway user revenues) and is distributed to local jurisdictions and MDOT. Local governments use highway user revenues to help develop and maintain local transportation projects.

Montgomery County has an extensive transportation network. Among other things, the county maintains more than 5,000 lane miles of road and operates the Ride-On bus system. In addition, two significant public transit projects are under development in the county, namely the Purple Line light rail project and the bus rapid transit Corridor Cities Transitway Project. Recent reductions in State funding for local transportation programs have made it increasingly difficult for local jurisdictions to maintain existing transportation services and prepare for future transportation needs.

State Expenditures: General fund expenditures increase by \$32.0 million in fiscal 2015, \$33.6 million in fiscal 2016, \$35.3 million in fiscal 2017, and \$37.0 million in fiscal 2018 to provide the block grant to Montgomery County. This analysis assumes that county transportation bonds are outstanding in fiscal 2015 through 2018 and that the block grant amount is adjusted by 5% annually, beginning in fiscal 2016.

Local Revenues: Montgomery County revenues increase by \$32.0 million in fiscal 2015, \$33.6 million in fiscal 2016, \$35.3 million in fiscal 2017, and \$37.0 million in fiscal 2018 due to the State transportation block grant funding provided by the State.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management, Montgomery County, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 18, 2013
mlm/lgc

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