

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE

Senate Bill 1035 (Senators Hershey and Jacobs)
 Finance

Maryland Transit Administration - MARC Penn Line Extension

This bill requires the Maryland Transit Administration (MTA) to extend the Maryland Area Regional Commuter (MARC) passenger railroad service on the existing Penn line to Elkton, Maryland (which is approximately 15 miles northeast of the Perryville station) by January 1, 2020. To meet this requirement, MTA must negotiate a contract with Amtrak to provide at least one morning and one evening passenger railroad service to Elkton.

By October 1, 2015, MTA must assess the feasibility of extending MARC service on the Penn line to Newark, Delaware. By September 30 of each year, MTA must submit a report to specified legislative committees on its progress in meeting the bill's requirements.

The bill terminates September 30, 2020.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by \$200,000 in FY 2015 to conduct the required feasibility study to extend MARC service to Newark, Delaware. TTF expenditures increase by \$20.0 million from FY 2016 through 2019 to repair and improve the existing station located in Elkton, Maryland. The bill's reporting requirements can be handled with existing budgeted resources. TTF revenues are not affected prior to FY 2020 but may increase minimally once the extension becomes operational.

(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	.2	1.0	2.0	8.0	9.0
Net Effect	(\$.2)	(\$1.0)	(\$2.0)	(\$8.0)	(\$9.0)

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

Local Effect: The bill does not materially affect local government operations or finances.

Small Business Effect: Minimal.

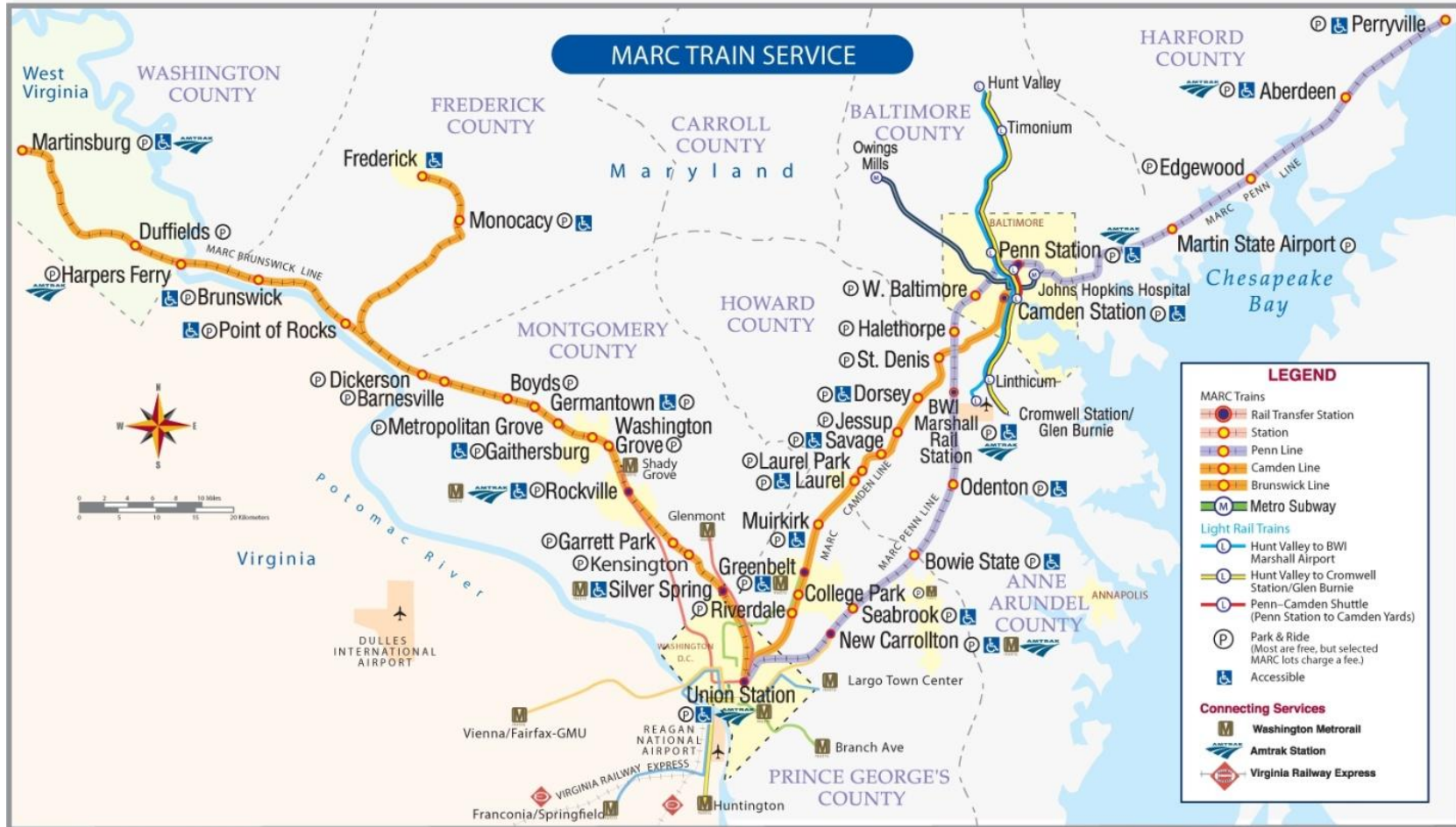
Analysis

Current Law/Background: MTA operates a comprehensive transit system throughout the Baltimore-Washington metropolitan area, including more than 50 local bus lines in Baltimore and other services such as the light rail, Metro subway, commuter buses, MARC trains, and mobility/paratransit vehicles. MTA is currently the lead agency for coordinating the financing, construction, and future operation of both the Red Line and Purple Line transit projects.

MARC commuter train service operates three different lines that serve several Maryland counties; Washington, DC; and Martinsburg, West Virginia: the Brunswick Line, the Camden Line, and the Penn Line. These are shown in **Exhibit 1**. In December 2013, MARC began to offer weekend service on the Penn Line; the other lines offer service only on weekdays and select holidays. MARC train service on the Penn Line operates primarily between Baltimore's Penn Station, through the BWI Thurgood Marshall Airport train station, to Union Station in Washington, DC. Stops along this segment include Baltimore City, Odenton, and Bowie State University. In addition, there are four stops north of Penn Station at Martin State Airport, Edgewood, Aberdeen, and Perryville, all in Maryland.

The Penn Line is operated by contract with Amtrak on a section of track known as the Northeast Corridor, which is shown in **Exhibit 2**. The Northeast Corridor is the busiest portion of Amtrak railroad. The track is owned and operated by Amtrak, and MTA contracts with Amtrak to use the rail for MARC trains. MTA provides the MARC trains, while Amtrak provides drivers and staff and pays for other operating expenses, such as rail maintenance. Amtrak operates an average of 57 MARC Penn Line commuter trains every weekday. Although the track runs through, but cannot stop in Elkton, Maryland (because the station is nonoperational), the current MTA contract only allows MARC service between Union Station and Perryville. The Governor's proposed fiscal 2015 budget includes \$3.1 million for the existing Amtrak contract.

Exhibit 1 MARC Service Area Map



Source: Maryland Transit Administration

Exhibit 2 Amtrak Northeast Corridor Service Area Map



Source: Amtrak

State Fiscal Effect:

Fiscal 2015 through 2019

TTF expenditures increase by \$200,000 in fiscal 2015 to conduct the required feasibility study to extend MARC service to Newark, Delaware. During this process, MTA initiates discussions with and works with the Southeastern Pennsylvania Transportation Authority, Amtrak, and other interested parties. This estimate assumes that the feasibility study is completed prior to fiscal 2016.

The Amtrak line currently runs through Elkton; however, trains do not stop in the city. MTA advises that there is an existing station in the city along the Amtrak route; however, the station has not been operational in many years and requires significant capital investment to ensure it meets current safety, operational, and legal requirements. Accordingly, TTF expenditures increase by \$20.0 million from fiscal 2016 through 2019 to repair and improve the Elkton station.

Fiscal 2020 and 2021

As noted above, under its current contract for use of the Northeast Corridor, MTA provides the MARC trains, but contracts with Amtrak for other operating expenses. Likewise, MTA advises that the extension required by the bill necessitates a similar contract. Beginning in fiscal 2020, when the extension to Elkton becomes operational, TTF expenditures increase by between \$0.8 and \$1.2 million annually through September 30, 2020 (or later if MTA continues the service despite the bill's termination date) to contract with Amtrak for the additional service.

TTF revenues may increase beginning in fiscal 2020 due to fair box revenue collected from any additional MARC riders; however, any revenue increase is expected to be minimal, as the extension most likely results in existing riders from Delaware and Pennsylvania, who currently embark in Perryville, embarking in Elkton instead.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation, Amtrak, Department of Legislative Services

Fiscal Note History: First Reader - March 17, 2014
ncs/lgc

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