

# HOUSE BILL 1412

R2

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By: **Delegate Korman**

Introduced and read first time: March 4, 2019

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Transportation – Maryland Metro/Transit Funding**

3 FOR the purpose of repealing a requirement that the Secretary of Transportation, for any  
4 fiscal year in which the total Maryland operating assistance provided in the  
5 approved Washington Metropolitan Area Transit Authority budget increases by a  
6 certain percentage over the total operating assistance provided in the prior fiscal  
7 year's budget, withhold a certain percentage of funds provided for certain annual  
8 grants to the Washington Suburban Transit District; altering the information that  
9 the Authority must submit to the Department of Transportation as part of its yearly  
10 performance and condition assessments and reports; repealing a provision of law  
11 that provides how a certain provision of law is to be construed; requiring the  
12 Governor to make any appropriation required under a certain provision of law from  
13 the Transportation Trust Fund; and generally relating to funding for the Washington  
14 Metropolitan Area Transit Authority.

15 BY repealing and reenacting, with amendments,  
16 Article – Transportation  
17 Section 10–205  
18 Annotated Code of Maryland  
19 (2015 Replacement Volume and 2018 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Chapter 351 of the Acts of the General Assembly of 2018  
22 Section 6

23 BY repealing and reenacting, with amendments,  
24 Chapter 352 of the Acts of the General Assembly of 2018  
25 Section 6

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
27 That the Laws of Maryland read as follows:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



**Article – Transportation**

10–205.

(a) In accordance with and subject to the principle that, if there is substantial State financial support for the planned rapid rail mass transit system in one metropolitan area of this State, there should be substantial State financial support for the planned rapid rail mass transit system in the other metropolitan area of this State, and subject to the appropriation requirements and budgetary provisions of § 3–216(d) of this article, the Department shall provide for grants to the Washington Suburban Transit District in an amount equal to the current expenditures required of the Washington Suburban Transit District in accordance with capital contributions agreements between the Washington Metropolitan Area Transit Authority, the Washington Suburban Transit District, and other participating jurisdictions. The Washington Suburban Transit District shall consult with the Secretary of Transportation prior to the execution of any capital contributions agreement.

(b) (1) Subject to the appropriation requirements and budgetary provisions of § 3–216(d) of this article and upon receipt of an approval of a grant application in such form and detail as the Secretary shall reasonably require, the Department shall provide for annual grants to the Washington Suburban Transit District for a share of the operating deficits of the regional transit system for which the District is responsible. “Operating deficit” means operating costs less:

(i) The greater of operating revenues or 50 percent of the operating costs; and

(ii) All federal operating assistance.

(2) The Department’s share shall equal 100 percent of the operating deficit.

[(3) (i) For any fiscal year in which the total Maryland operating assistance provided in the approved Washington Metropolitan Area Transit Authority budget increases by more than 3% over the total operating assistance provided in the prior fiscal year’s approved Washington Metropolitan Area Transit Authority budget, the Secretary shall withhold an amount equal to 35% of the funds available under paragraphs (1) and (2) of this subsection.

(ii) For purposes of calculating a budget increase under subparagraph (i) of this paragraph, the following items may not be included:

1. The cost of any service, equipment, or facility that is required by law;

2. A capital project approved by the board of directors of the Washington Metropolitan Area Transit Authority; and

1                   3. Any payments or obligations arising from or related to  
2 legal disputes or proceedings between or among the Washington Metropolitan Area Transit  
3 Authority and any other person.]

4           (c) Subject to the appropriation requirements and budgetary provision of §  
5 3–216(d) of this article, the Department shall provide for grants to the Washington  
6 Suburban Transit District in an amount equal to 75 percent of the net debt service assigned  
7 to the Washington Suburban Transit District on bonds issued by the Washington  
8 Metropolitan Area Transit Authority. In no event shall the amount of net debt service,  
9 including the refinancing of any debt, required of the Washington Suburban Transit  
10 District exceed the amount presently assigned on a year by year basis to the Washington  
11 Suburban Transit District, and payable through the year 2014. Nothing in this article shall  
12 preclude the use of bond proceeds for capital improvements and replacements of the  
13 “Adopted Regional System – 1968” revised as of January 1, 1992.

14           (d) (1) In accordance with and subject to the principle that, if there is  
15 substantial State financial support for rapid rail and bus transit capital replacement costs  
16 in one metropolitan area of this State, there should be substantial State financial support  
17 for the costs of similar needs in the other metropolitan area of this State, and in recognition  
18 of the fact that timely replacement of capital facilities and equipment is essential to safe  
19 and reliable transit service, the Department shall provide grants to fully fund the  
20 Washington Suburban Transit District’s share of the Washington Metropolitan Area  
21 Transit Authority’s capital equipment replacement programs.

22                   (2) The grants under this subsection:

23                           (i) Shall be made subject to the appropriation and budgetary  
24 provisions of § 3–216(d) of this article;

25                           (ii) Shall be included in the State budget beginning in fiscal year  
26 2000;

27                           (iii) Notwithstanding any other provision of law, may be funded with  
28 revenues derived from:

29                                   1. Any State–enacted transportation fees or taxes; or

30                                   2. Federal transportation grants available to the State to  
31 fund transit capital equipment replacement; and

32                           (iv) Shall be contingent on the receipt of a request by the District to  
33 the Department, based on annual capital improvements programs adopted by the  
34 Washington Metropolitan Area Transit Authority.

35           (e) Subject to the appropriation requirements and budgetary provisions of §  
36 3–216(d) of this article, the Department shall provide grants from amounts derived from

1 the Transportation Trust Fund to the Washington Suburban Transit District for the  
2 purpose of funding Maryland's required share of local funds for the Washington  
3 Metropolitan Area Transit Authority to match any federal funds appropriated in any given  
4 year authorized under Title VI, § 601, P.L. 110-432.

5 (f) (1) Except as provided in paragraph (2) of this subsection, the Governor  
6 shall include an appropriation in the annual budget of at least the amount specified in  
7 paragraph (4) of this subsection for the sole purpose of providing grants to the Washington  
8 Suburban Transit District to pay the capital costs of the Washington Metropolitan Area  
9 Transit Authority.

10 (2) (i) The Governor is not required to make the appropriation under  
11 paragraph (1) of this subsection in a fiscal year unless the Department certifies to the  
12 Governor in writing before the beginning of the immediately preceding fiscal year that the  
13 Washington Metropolitan Area Transit Authority has submitted to the Department:

14 1. Performance and condition assessments and reports  
15 regarding:

16 A. The safety and reliability of rapid heavy rail and bus  
17 systems;

18 B. The financial performance of the Washington  
19 Metropolitan Area Transit Authority as it relates to rail and bus operations, including fare  
20 box recovery, service per rider, and cost per service hour;

21 C. The monthly ridership of rail and bus systems broken  
22 down by Metrorail station, Metrorail line, [bus stop] **BUS ROUTE**, and bus line;

23 D. Strategies to reduce costs and improve the Washington  
24 Metropolitan Area Transit Authority's operational efficiency; and

25 E. The comparison of annual capital investments and  
26 approved budgets; and

27 2. The Washington Metropolitan Area Transit Authority's:

28 A. Annual budget;

29 B. Annual independent financial audit;

30 C. Annual National Transit Database profile; and

31 D. Individual audit reports.

32 (ii) If the Commonwealth of Virginia or the District of Columbia  
33 reduce the amount of dedicated capital funding for the Washington Metropolitan Area

1 Transit Authority, the Governor may reduce the appropriation under paragraph (1) of this  
2 subsection by a proportional amount.

3 (iii) 1. The Governor shall withhold 35% of the appropriation  
4 under paragraph (1) of this subsection if:

5 A. The Washington Metropolitan Area Transit Authority has  
6 received a modified audit opinion as a result of an annual independent audit conducted in  
7 accordance with Article XVI, Section 70 of the Washington Metropolitan Area Transit  
8 Authority Compact under § 10–204 of this subtitle; and

9 B. The Department has not certified to the Governor in  
10 writing before the beginning of the immediately preceding fiscal year that the Washington  
11 Metropolitan Area Transit Authority has submitted in writing to the board of directors of  
12 the Washington Metropolitan Area Transit Authority and the Maryland General Assembly  
13 a satisfactory corrective plan that addresses the reasons for the modified audit opinion.

14 2. The Governor shall release the portion of the  
15 appropriation withheld under subparagraph 1 of this subparagraph if the Washington  
16 Metropolitan Area Transit Authority submits in writing to the board of directors of the  
17 Washington Metropolitan Area Transit Authority and, in accordance with § 2–1246 of the  
18 State Government Article, the Maryland General Assembly a satisfactory corrective action  
19 plan that addresses the reasons for the modified audit opinion.

20 (3) The Governor shall make the appropriation under paragraph (1) of this  
21 subsection from the Transportation Trust Fund.

22 (4) (i) For the first fiscal year in which the mandated appropriation  
23 under this subsection applies, the appropriation under paragraph (1) of this subsection  
24 shall equal at least the amount appropriated in the fiscal year 2019 State budget as enacted  
25 for the Washington Suburban Transit District to pay the capital costs of the Washington  
26 Metropolitan Area Transit Authority.

27 (ii) For each fiscal year after the first fiscal year in which the  
28 mandated appropriation under this subsection applies, the appropriation under paragraph  
29 (1) of this subsection shall be equal to the amount of the appropriation for the preceding  
30 fiscal year increased by 3%.

31 (g) (1) The Governor shall include in the State budget an appropriation for the  
32 purposes specified under paragraph (2) of this subsection of \$167,000,000 from the  
33 revenues available for the State capital program in the Transportation Trust Fund.

34 (2) The Department shall provide an annual grant of at least \$167,000,000  
35 to the Washington Suburban Transit District to be used only to pay the capital costs of the  
36 Washington Metropolitan Area Transit Authority.

37 (3) The grant required under paragraph (2) of this subsection is in addition

1 to the appropriation required under subsection (f)(1) of this section.

2 **Chapter 351 of the Acts of 2018**

3 SECTION 6. AND BE IT FURTHER ENACTED, That [this Act may not be  
4 construed to limit the authority of the Governor to appropriate general funds for transfer  
5 to the Transportation Trust Fund] **THE GOVERNOR SHALL MAKE ANY APPROPRIATION**  
6 **REQUIRED UNDER THIS ACT FROM THE TRANSPORTATION TRUST FUND.**

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11 **REQUIRED UNDER THIS ACT FROM THE TRANSPORTATION TRUST FUND.**

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
13 1, 2019.