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March 3, 2020

The Honorable Kumar P. Barve  
Chairman, House Environment and Transportation Committee  
251 House Office Building  
Annapolis MD 21401

***RE: Letter of Information – House Bill 520 - Transportation – Francis Scott Key Bridge – Toll Discount Plan***

Dear Chairman Barve and Committee Members;

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) take no position on House Bill 520 but offers the following information for the Committee's consideration.

House Bill 520 would require the Maryland Transportation Authority (MDTA) to offer a toll discount plan that allows unlimited crossings of the Francis Scott Key Bridge (FSK) for an annual fee of \$100.

The MDTA currently offers a significant commuter discount for frequent users of all MDTA facilities. Specific to the FSK Bridge, Harbor Tunnel, and Fort McHenry Tunnel, the discount plan provides 50 trips for \$70 on the FSK Bridge, Harbor Tunnel, and Fort McHenry Tunnel and must be used within 45 days. Under the current commuter plan, if a commuter uses all 50 trips, the commuter pays only \$1.40 per trip across these facilities - a commuter savings of 65% of the cash rate.

The plan required under House Bill 520 would result in a revenue loss of approximately \$26.9 million annually. The projected fiscal impact includes the additional loss in toll revenues associated with drivers diverting from the Baltimore Harbor Tunnel and Fort McHenry Tunnel to the FSK Bridge.

The MDTA does offer an annual plan for the Hatem Bridge that is similar to the one being proposed for the FSK Bridge in House Bill 520. The MDTA's Trust Agreement distinguishes between the Hatem Bridge, a General Account Project, and all other tolled facilities, which are Transportation Facilities Projects. Since 1971, the MDTA has been responsible for constructing, managing, operating and improving the State's eight toll facilities, as well as for financing new transportation projects under its purview (such as the Harry W. Nice/Senator Mac Middleton Bridge in Charles County). In accordance with MDTA's Trust Agreement with bondholders, toll revenues are first pledged to pay debt service for bonds that are used to fund major transportation projects at existing and new facilities.

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MDTA's bond rating is currently the highest of any toll authority in the country, and rating agencies have stated in the past that one of the main reasons for that is that the MDTA has maintained its statutory independence. The MDTA is governed by a nine-member board of directors, with the Secretary of Transportation serving as Chair. The organization is entirely reliant on tolls collected from its users as the MDTA does not receive any state General Fund or Transportation Trust Fund dollars. Thus, legislation impacting the revenues and operations of MDTA could have a negative effect on the credit worthiness of the MDTA, lead to higher debt costs, and ultimately will affect the ability of the MDTA to take on new major infrastructure projects at its existing facilities or new facilities.

The Maryland Department of Transportation and the Maryland Transportation Authority respectfully request the Committee consider this information when deliberating House Bill 520. Should you have any further questions, please feel free to contact the Department.

Respectfully submitted,

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