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February 17, 2021

The Honorable Delores G. Kelley  
Chair, Senate Finance Committee  
3 East Miller Senate Office Building  
Annapolis MD 21401

***Re: Letter of Information – Senate Bill 422 – Maryland Transportation Authority – Vehicle Not Using Bridge – No Toll Payment Required***

Dear Chair Kelley and Committee Members:

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) take no position on Senate Bill 422 but offers the following information for the Committee's consideration.

Senate Bill 422 would prohibit the MDTA from charging a toll when a customer chooses to travel through one of MDTA's toll facilities at a toll plaza adjacent to a bridge, but does not cross the bridge. The legislation further requires MDTA to construct a bypass or to reconstruct the existing interchange at Broening Highway to direct vehicles that do not traverse the Francis Scott Key (FSK) Bridge into a toll-free lane through the toll plaza.

The FSK facility is approximately 10.9 miles in length, extends from North Point Road to MD 10, and includes 22 other bridges, 7 small structures, 167 ancillary structures, and 38.5 lane miles of highway, all of which are currently maintained exclusively by toll dollars. Tolls are collected at the mid-point of the FSK facility on the Baltimore County side of the bridge. It is important to note that this toll is not incurred for passage of the Key Bridge, but rather for the use of the FSK facility. The day-to-day operations, including clearing accidents, debris, snow, as well as traffic enforcement, are paid for by the users of the 10.9 mile FSK facility, not just the FSK Bridge. The MDTA is entirely reliant on tolls collected from its users as the MDTA does not receive any state General Fund or Transportation Trust Fund dollars.

In January 2016, the MDTA reduced the toll charged to vehicles that only traverse the Bear Creek to \$2.00 per axle for 3+ axle vehicles, providing major savings to drivers of those vehicles. For example, the 3 axle rate for trucks was reduced from \$8 to \$6, providing a 25% reduction; the 4 axle rate for trucks was reduced from \$12 to \$8, providing a 33.3% reduction; the 5 axle rate for trucks was reduced from \$24 to \$10, providing a 58.3% reduction; and the 6 axle rate for trucks was reduced from \$30 to \$12, providing a 60% reduction.

Passage of Senate Bill 422 would grant free passage to users entering at the midpoint of the facility and using only the northern portion. Major projects totaling an estimated \$90 million are required within the next ten years to maintain the roadway and bridges on this portion of the facility in a state of good repair. The rates that are charged to the different classifications of vehicles are based on the wear and tear that is caused to the MDTA's facilities. Naturally, the weight of commercial vehicles results in more wear and tear to roads, which results in a higher toll rate per axle for commercial vehicles. If commercial vehicles were granted free passage along this part of the MDTA's FSK facility, the non-commercial (personal) vehicle owners would be forced to subsidize the costs of maintaining the MDTA's roadways resulting from the wear and tear caused by commercial vehicles.

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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 Governor Harry W. Nice/Senator Thomas "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. The MDTA is governed by a 9-member board of directors with the Secretary of Transportation serving as Chair.

Passage of Senate Bill 422 would not only result in an annual revenue loss of approximately \$600,000 but may also be viewed as eroding the MDTA's statutory independence which could have a negative impact on the MDTA's strong credit ratings and could potentially result in credit rating reductions. The MDTA's credit ratings are among the highest granted for tolling authorities. Credit rating agencies have previously cited MDTA's independent ability to set toll rates, free of political consideration or approval from an outside source, as a key factor in achieving an optimal credit rating. In fact, other toll agencies such as the Miami-Dade County Expressway Authority (MDX) experienced bond ratings downgrades due to legislative interventions that interfered with its toll rate setting autonomy. A downgrade of MDTA's credit would lead to lower credit worthiness as well as higher financing rates for capital projects.

The Maryland Department of Transportation and the Maryland Transportation Authority respectfully request the Committee consider this information when deliberating Senate Bill 422.

Respectfully submitted,

Bradley Ryon  
Manager, Government Relations  
Maryland Transportation Authority  
410-537-1060

Melissa Einhorn  
State Legislative Officer  
Maryland Department of Transportation  
410-865-1102