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Maryland Rail Investment Act of 2023 (HB 74) Fact Sheet

The Maryland Rail Investment Act establishes the Maryland Rail Authority to fund and implement rail and transit projects through the use of revenue from Maryland's existing toll facilities in excess of road maintenance needs, an approach also followed in New Jersey, New York, and Pennsylvania. A Rail Authority will ensure that Maryland has subject matter experts working on a 21st century transportation network, with projects advancing through the development pipeline and poised to utilize available resources from the federal infrastructure bill.

The Maryland Rail Authority would be similar to the existing Maryland Transportation Authority ("MdTA") for toll facilities. The new Authority would have its own bonding capacity, which would allow it to issue bonds backed by excess toll revenue without impacting MdTA's existing bonds or those of the Maryland Department of Transportation (MDOT). However, to ensure there is no impact on MdTA bonds, there is a trigger in the legislation for review and approval by the Attorney General to confirm the implementation would not violate existing bond covenants or trust agreements.

The MDOT Secretary would serve as Chair of the Board of the Authority as one of nine members. The Board would also include a member each selected by the President of the Maryland Senate and the Speaker of the Maryland House of Delegates. The other board members are ex officio members representing the Washington Metropolitan Area Transit Authority (WMATA); Amtrak; MdTA; the Treasurer's office; the Maryland Transit Administration; and the executive director of the new authority.

Funding for the Maryland Rail Authority would come from instituting optimal tolling at the eight toll facilities currently operated by MdTA (the legislation excludes the proposed I-270 and I-495 toll lanes from the changes). An optimal tolling strategy involves setting the toll at—or near—the highest amount a user would be willing to pay in order to gain maximum revenue. Informal estimates have calculated that between \$250 and \$300 million could be gained via optimal tolling of Maryland's existing toll facilities. Moreover, through the use of EZPass, optimal tolling can be adjusted as appropriate to offer discounts to local residents, seniors, those exiting in certain locations, and so on in order to truly optimize who is paying how much. The scale of the new Authority's work could be adjusted depending on the available revenue, specifically the optimal level of tolling and the maintenance needs for the current toll facilities.

The Maryland Rail Authority is crafted to be flexible and can either be responsible for financing, construction, and operation of new rail and transit projects, or can partner with the Maryland Transit Administration for operations. To start, the Rail Authority will be statutorily limited to working on the following projects: (1) Extending MARC commuter rail service to Newark, Delaware, Northern Virginia, and Western Maryland; (2) Replacing the Baltimore & Potomac Tunnel with the new Douglass Tunnel; (3) Constructing the Southern Maryland Rapid Transit System; (4) improvements on the existing Brunswick, Camden, and Penn commuter rail lines; and (5) Constructing the Baltimore Red Line.

A study must also be completed on the state's existing toll facilities and their impact on local pollution by June 30, 2024.

The new Maryland Rail Authority will be able to properly plan, fund and manage new transit projects throughout the state. MdTA's existing toll facilities provide the opportunity for substantial revenue to fund the rail authority and necessary infrastructure. With excess toll revenue, the Maryland Rail Authority will be able to oversee the construction of rail and transit projects that the state desperately needs for the benefit of its residents, the environment, and the economy.