

March 30, 2023

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 East, Miller Senate Office Building
Annapolis MD 21401

Re: Letter of Information – House Bill 677 – Pride of Baltimore II – Appropriations – Extension

Dear Chair Guzzone and Committee Members:

The Maryland Department of Transportation takes no position on House Bill 677 but offers the following information for the Committee’s consideration.

House Bill 677 re-establishes the mandated grant and reporting requirements for the operation of the Pride of Baltimore II. Specifically, the bill requires the Governor to include in the budget an appropriation of \$500,000 annually for fiscal years 2024 through 2028 from the Transportation Trust Fund and requires a report by December 1 each year that includes an accounting of how the funds were spent; an itinerary and any other information that demonstrates the vessel was operated for certain purposes; and a strategic business plan that includes a goal to reduce or eliminate the need for State funds.

Chapter 854 of 2018 established similar funding and reporting requirements for fiscal years 2020 through 2023. It is worth noting that the Pride of Baltimore II remained dry-docked during the 2020 sailing season and stayed local during the 2021 sailing season as a result of the COVID-19 pandemic; however, annual grant payments were still made. As detailed below, over the last four years, only one report was submitted on time and included all required elements. Subsequent reports were not submitted, were submitted late, and/or were incomplete.

| <u>Annual Report Due by:</u> | <u>Annual Report Submitted on:</u> |
|------------------------------|------------------------------------|
| 12/01/2019 | 11/27/2019 |
| 12/01/2020 | Not Submitted |
| 12/01/2021 | 04/06/2022 (Late) |
| 12/01/2022 | 01/26/2023 (Late and Incomplete) |

The annual report is required to include a strategic business plan that includes a goal to reduce or eliminate the need for State funds. The first submission in 2019 included a strategic plan with nine strategies and more than 60 tactics to achieve those strategies that was the result of an extensive effort by the Board of Directors. An update to the strategic plan was not submitted in 2020 or 2022. The 2021 update indicated that although progress was made in many of the tactics, no progress was made in several others. Little progress has been made in reducing or eliminating the need for State funds to support ongoing operations.

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Due to the expected sunset of Chapter 854 of 2018, the Maryland Department of Transportation did not include funding for a grant to the Pride of Baltimore II in its budget for fiscal year 2024 or beyond. Re-establishing this grant thus has a fiscal impact of \$2.5 million over the next five years and will reduce funding available for critical transportation initiatives.

The Maryland Department of Transportation recognizes and appreciates the Pride of Baltimore's role in promoting historical maritime education, fostering economic development and tourism, and representing the citizens of Maryland but notes the limited transportation purpose of this mission. In 2014, Maryland voters overwhelmingly approved a Constitutional amendment to limit the use of transportation funding only for transportation purposes.

The Maryland Department of Transportation respectfully requests that the Committee consider this information when deliberating House Bill 677.

Respectfully submitted,

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