



Montgomery County

Office of Intergovernmental Relations

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HB 950

DATE: March 26, 2024

SPONSOR: Delegate Edelson, et al.

ASSIGNED TO: Budget and Taxation

CONTACT PERSON: Melanie Wenger (melanie.wenger@montgomerycountymd.gov)

POSITION: Support with Amendment (Department of Transportation)

Maryland Transit Administration – Locally Operated Transit Systems – Mandatory Funding

The Montgomery County Department of Transportation strongly supports House Bill 950, which would require the Governor to include in the annual budget an appropriation for the Locally Operating Transit System (LOTS) grant program from the Transportation Trust Fund of at least \$80,533,314 beginning in fiscal year 2026. This amount reflects the State funds originally appropriated to the program for fiscal year 2024, which was scheduled to be reduced by 80% for fiscal year 2025, before funds were identified to restore what would have been a devastating funding cut.

This bill builds off legislation that was enacted last year for the purpose of creating a more transparent and reliable system of supporting local transit across the State by: (1) codifying the LOTS program; and (2) and requiring an annual inflationary adjustment for funding provided by the LOTS program and the existing program for Ride On in Montgomery County and The Bus in Prince George's County. LOTS is now codified as a program in State law, which appropriately also identifies the revenue sources that fund the program. However, funding itself was left unaddressed.

The Department believes it is important to address the issue of funding reliability in the State statute since the County is highly dependent on the State subsidy provided for its Ride On bus system. Ride On is the second largest transit system in the State, behind MTA, and it is the second largest in the region, behind Metrobus|WMATA (Metrobus). Pre-COVID, Ride On operated 81 routes and served 20 million passengers a year. And, had the projected reduction in the County's Ride On subsidy come to pass, since that subsidy helps support Ride On's operating costs and not capital, the County would have had to immediately find \$18 million to backfill the cut to keep the system operating.

The County has always been thankful for the State support it has received, which was provided based on the rationale that Ride On and The Bus were less expensive alternatives to Metrobus, which would require full State funding support. This has proven to be the case: Ride On only

requires about 65% of the funding for the same service provided by Metrobus. Recent data show Ride On's operating cost per vehicle revenue hour is \$117 compared to \$193 for the operating cost per vehicle revenue hour for Metrobus. This isn't just a good State investment – it's a great one, especially considering that absent Ride On service, the State investment in Metrobus would require 100% financial support compared with the 33% subsidy required by Ride On.

Again, a "thank you" for passing last year's bill, but, after the turn of events this fall, now, it is more critical than ever to address the funding reliability issue. The Department urges the Committee to move favorably on House Bill 950, with an amendment to include an annual inflation adjustment to reflect the fundamental reality of constant rising costs and the value proposition locally operated transit offers the State.