

**Testimony by Citizens Against Beltway Expansion
In Support of HB 956, Regarding Public-Private Partnerships
Before the Environment and Transportation Committee
March 1, 2024
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Citizens Against Beltway Expansion appreciates the opportunity to share our strong support for House Bill 956, sponsored by Delegate Jared Solomon. DontWiden270.org joins CABA in this statement of support.

While the Maryland Department of Transportation is no longer pursuing a public-private partnership to add toll lanes to the I-495/I-270 corridor, the debate over this project and the experience with the Purple Line has revealed the substantial risks of public-private partnerships (P3s) and the need to reform the P3 process. HB 956 would strengthen existing law by increasing oversight and adding protections to reduce financial risk to taxpayers and Maryland's credit rating.

According to a 2020 report by the Congressional Budget Office, transportation concessionaires are accepting less and less risk in P3 deals and requiring more and more public subsidies. According to the Congressional Budget Office, nearly half of transportation P3s require government subsidies. In fact, Transportation Secretary Wiedefeld remarked in a January podcast with Sen. Cheryl Kagan that, before exiting the project, Transurban determined that it needed a larger financial investment from the State.

P3 contracts are complex financial arrangements and global transportation corporations are specialists in negotiating them in order to shift as much risk as possible to public agencies. The experience with the Purple Line suggests that the expertise of these corporations exceeds that of the State. Similarly, when the State Treasurer's Office reviewed the pre-development agreement for the I-495/I-270 toll lanes, the Treasurer stated that her office did not have the capacity to evaluate the financial risks.

House Bill 956 would add commonsense safeguards to reduce the risks of large transportation P3s, including:

- Greater oversight of P3 projects and a requirement that those valued at more than \$1 billion be approved by the General Assembly;
- A requirement that contracts be reviewed by the State's financial advisors to assess risks in the case of projects with a value in excess of \$500 million;
- A prohibition on P3 operators demanding compensation from taxpayers for road maintenance projects that could lead to reduced toll revenues; and
- A requirement to disclose any guaranteed financial rate of return for the operator.

The reforms included in HB 956 are critical needs and we urge the Committee to report this bill favorably.