

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 924 (Delegate Spiegel, *et al.*)
Environment and Transportation and
Appropriations

Transportation – Regional Transportation Authorities

This bill establishes three regional transportation authorities, and related special funds, to prepare and implement regional congestion relief plans for the Baltimore region, the capital region, and the Southern Maryland region, as those regions are defined in the bill. The bill specifies the duties and powers of each authority and requires each special fund to be used to finance transportation facilities in its respective region. By July 1, 2025, the Maryland Department of Transportation (MDOT), in consultation with the Comptroller, must report to the General Assembly on the feasibility of creating local-option transportation revenues for the purpose of raising funds to provide revenue for the regional transportation authorities established by the bill.

Fiscal Summary

State Effect: General fund expenditures increase significantly, likely by at least millions or tens of millions of dollars annually, beginning as early as FY 2025, to pay the operating and administrative costs of the authorities and to capitalize the special funds. Authority special fund revenues and expenditures increase correspondingly as the three special funds receive the capitalization funds and use the funding for authorized purposes; special fund revenues may also increase from any fees or charges the authorities establish. Federal fund revenues and expenditures may also increase. Transportation Trust Fund (TTF) expenditures may increase minimally only in FY 2025 to complete the required report.

Local Effect: Local government finances may be affected, as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Regions Defined

“Baltimore region” means Anne Arundel and Baltimore counties and Baltimore City. “Capital region” means Frederick, Montgomery, and Prince George’s counties. “Southern Maryland region” means Calvert, Charles, and St. Mary’s counties.

Establishment, Purpose, and Staffing

The bill establishes the following regional transportation authorities and their respective purposes:

- the Baltimore Region Transportation Authority (BRTA), to prepare and implement a regional congestion relief plan for the Baltimore region;
- the Capital Region Transportation Authority (CRTA), to prepare and implement a congestion relief plan for the capital region; and
- the Southern Maryland Transportation Authority (SMTA), to prepare and implement a congest relief plan for the Southern Maryland region.

Each authority is a body politic and corporate and is an instrumentality of the State. The exercise of authority of a power by each authority is the performance of an essential government function. The bill specifies the membership of each authority and requires each authority to elect a chair and a vice chair from its members. Each authority must adopt rules and regulations as necessary for the conduct of its affairs.

Each authority must employ an executive director to serve as the chief executive officer of the authority; the executive director serves at the pleasure of the authority. Each authority may employ or retain officers, staff, and agents, including engineering, architectural, fiscal, and construction experts and attorneys, and set their compensation.

Duties and Powers

Each authority must prepare a regional congestion relief plan for the region it represents that includes transportation improvements of regional significance. An authority may revise its regional congestion relief plan. After adopting a plan, an authority may construct or acquire, by purchase, lease, contract, or otherwise, the transportation facilities specified in its regional congestion relief plan. Each authority has the following duties and responsibilities:

- general oversight of regional programs involving congestion mitigation;
- long-range regional planning for the region it represents;
- recommending to State, regional, and federal agencies regional transportation priorities, including public-private transportation projects, and funding allocations;
- allocating to priority regional transportation projects any funds made available to the authority and, at the discretion of the authority, directly overseeing the projects;
- recommending to MDOT priority regional transportation projects for receipt of federal and State funds;
- recommending to MDOT use or changes in use of tolls or charges for facilities in the region it represents;
- general oversight of regional transportation issues of a multijurisdictional nature, including intelligent transportation systems, signalization, and preparation for and response to emergencies;
- serving as an advocate for the transportation needs of the region it represents before the State and federal governments; and
- applying to and negotiating with the federal government and the State for grants and any other funds available to carry out the purposes of the bill.

Each authority is authorized to:

- adopt bylaws for the conduct of its business;
- adopt a seal;
- maintain offices at a place it designates in the State;
- accept loans, grants, or assistance of any kind from the federal or State government, a local government, a college or university, or a private source;
- enter into contracts and other legal instruments;
- sue or be sued;
- acquire, purchase, hold, lease as a lessee, and use specified property and interests or a franchise, patent, or license;
- sell, lease as lessor, transfer, license, assign, or dispose of property or a property interest that it acquires;
- fix and collect rates, rentals, fees, royalties, and charges for services and resources it provides or makes available;
- create, own, control, or be a member of a corporation, limited liability company, partnership, or other entity, whether operated for profit or not for profit;
- exercise power usually possessed by a private corporation in performing similar functions unless to do so would conflict with State law; and
- do all things necessary or convenient to carry out the powers granted by the bill.

By January 1, 2025, and by each January 1 thereafter, each authority must report to the General Assembly on its activities during the prior year.

Funding

The bill establishes the following special funds and their respective purposes:

- the Baltimore Region Congestion Relief Fund, to finance transportation facilities in the Baltimore region;
- the Capital Region Congestion Relief Fund, to finance transportation facilities in the capital region; and
- the Southern Maryland Congestion Relief Fund, to finance transportation facilities in the Southern Maryland region.

The executive director of each authority must administer the fund for its respective region.

Each fund consists of:

- money appropriated in the State budget to the fund;
- interest earnings; and
- any other money from any other source accepted for the benefit of the fund.

Each fund may only be used for the financing of transportation facilities in its respective region. Expenditures from each fund may be made only in accordance with the State budget. Money expended from each fund for financing transportation facilities is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for transportation facilities in the respective region.

Current Law:

Consolidated Transportation Program and Maryland Transportation Plan

Long-term transportation planning in the State is a collaborative process designed to consider input from the public, local jurisdictions, metropolitan planning organizations (MPOs), and elected officials. Among the numerous reports, meetings, and discussions that take place, two important documents are developed to guide transportation planning in the State: the [Consolidated Transportation Program \(CTP\)](#); and the [Maryland Transportation Plan \(MTP\)](#).

The CTP, which is issued annually to the General Assembly, local elected officials, and interested citizens, provides a description of projects proposed by MDOT for development and evaluation or construction over the next six-year period. The MTP is a 20-year forecast

of State transportation needs based on MDOT's anticipated financial resources during that 20-year period. It must be revised every 5 years through an inclusive public participation process. Furthermore, it must be expressed in terms of goals and objectives and include a summary of the types of projects and programs that are proposed to accomplish the goals and objectives, using a multimodal approach when feasible.

Metropolitan Planning Organizations

Federal regulations require that each urbanized area, as a condition of the receipt of federal capital or operating assistance, have a continuing, cooperative, and comprehensive transportation planning process carried out by an MPO in cooperation with the state that results in plans and programs consistent with the development of the urbanized area. Although the [federal regulations](#) have yet to be updated, the U.S. Census Bureau [no longer distinguishes](#) between urbanized areas of 50,000 or more people and urban clusters of less than 50,000 people. Instead, the bureau defines an [urban area](#) as a geographic location with at least 2,000 housing units or a population of at least 5,000.

Nevertheless, the federal regulations further specify that each MPO must consist of (1) local elected officials; (2) officials of public agencies that administer or operate major modes of transportation in the metropolitan area; and (3) appropriate state officials. An MPO designation remains in effect until otherwise redesignated. An MPO may be redesignated by an agreement between the Governor and units of local government that together represent 75% of the existing planning area population.

The federal regulations also require each state to develop a Statewide Transportation Improvement Program (STIP) for all areas of the state that covers a period of at least four years. The STIP must be updated at least every four years, be developed in cooperation with the state's MPOs, and include Transportation Improvement Programs (TIPs) from each of the urbanized areas represented by those MPOs. The STIP must include capital and noncapital surface transportation projects (or phases of projects) within boundaries of the state proposed for federal funding and may include other specified projects, such as safety projects and emergency relief projects. Specified information about each project, such as the estimated total project cost and amount of federal funds proposed to be obligated for the project, must also be included.

The State's current [STIP](#) covers fiscal 2022 through 2025 and includes TIPs from each of the State's seven MPOs, which are listed below:

- Baltimore Regional Transportation Board;
- Calvert – St. Mary's Metropolitan Planning Organization;
- Cumberland Metropolitan Planning Organization;
- Hagerstown-Eastern Panhandle Metropolitan Planning Organization;

- National Capital Region Transportation Planning Board;
- Salisbury/Wicomico Area Metropolitan Planning Organization; and
- Wilmington Metropolitan Planning and Coordinating Council.

A visualization of the urbanized areas covered by these MPOs can be found [here](#).

State Fiscal Effect:

Authority Finances

The bill establishes BRTA, CRTA, and SMTA, requires each authority to develop and implement regional congestion relief plans, and establishes three special funds (one for each authority) to finance transportation facilities projects undertaken by the authorities in implementing their plans. Significant funding may be necessary to implement the congestion relief plans in each region; however, the bill does not establish a dedicated funding source for the three special funds. Thus, for purposes of this analysis, it is assumed that:

- general fund expenditures increase significantly, likely by millions or tens of millions of dollars annually, to capitalize the three special funds – at least for the first several years;
- special fund revenues and expenditures increase correspondingly as the capitalization funds are received and used to finance transportation facilities projects;
- special fund revenues to the three special funds may also increase to the extent the authorities fix and collect rates, rentals, fees, royalties, and charges for services and resources they provide or make available, as authorized by the bill;
- general fund expenditures increase further to pay for any staff employed by BRTA, CRTA, and SMTA, as the bill does not authorize the three special funds to be used to pay for the administrative costs of the authorities;
- funding from TTF is *not* provided to the special funds because the bill specifies that money expended from each special fund is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for transportation facilities in each region, and spending from TTF is generally fully subscribed each year as MDOT funds its capital program for transportation projects throughout the State, including in the three regions specified by the bill; and
- federal fund revenues (and corresponding expenditures) increase to the extent that the authorities apply for and obtain federal funding for transportation facilities projects in their regions.

A reliable estimate of the above effects cannot be made at this time.

As mentioned above, *existing* funding for transportation facilities projects in the State appears to be unaffected by the bill, as the bill explicitly states that money expended from each of the special funds is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for transportation facilities in each region. However, the authorities may compete with the State for available federal funding.

Local-option Transportation Revenues Study Costs

The bill requires MDOT, in consultation with the Comptroller, to report to the General Assembly, by July 1, 2025, on the feasibility of creating local-option transportation revenues for the purpose of raising funds to provide revenue for the authorities established by the bill. MDOT did not respond to a request for information regarding the fiscal effect of the bill in time for inclusion in this fiscal and policy note. Based on a preliminary analysis, TTF expenditures may increase minimally only in fiscal 2025 for MDOT to complete the required report. It is assumed that MDOT takes the lead on this report. However, to the extent that the Comptroller's Office must take a more active role in this effort, temporary contractual staff are necessary, and general fund expenditures increase accordingly.

Local Fiscal Effect: Although not required by the bill, local governments in the Baltimore region, capital region, and Southern Maryland region may choose to provide funding to support the activities of and transportation facilities projects undertaken by BRTA, CRTA, and SMTA. Thus, to the extent that local governments choose to do so, local government expenditures increase accordingly.

It is assumed that local government representation on the authorities can be handled with existing resources.

As noted above, *existing* funding for transportation facilities projects provided to local governments appears to be unaffected by the bill, as the bill explicitly states that money expended from each of the special funds is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for transportation facilities in each region. However, the authorities may compete with local governments for available federal funding.

The bill contemplates the potential use of local-option transportation revenues to fund the authorities established by the bill; however, it is assumed that additional legislation would be necessary to provide local governments with the authority to create any such revenue-generating vehicles.

Small Business Effect: Small businesses that provide planning, engineering, and construction services may experience an increase in business to the extent that the bill results in additional transportation facilities projects being undertaken in the State.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 1126 (Senator King) - Rules.

Information Source(s): Department of Budget and Management; Comptroller's Office; University System of Maryland; Anne Arundel, Charles, and St. Mary's counties; U.S. Census Bureau; Federal Highway Administration; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - February 29, 2024
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