

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 947 (Delegate Jacobs, *et al.*)
Appropriations

Mass Transit Administration - Privatization of Transit Services - Labor Contracts

This bill prohibits the Mass Transit Administration (MTA) from entering into a contract with any labor organization that would prohibit the privatizing of transit services.

Fiscal Summary

State Effect: Potential significant decrease in federal fund revenue as discussed below. Special fund expenditures would be affected as discussed below.

Local Effect: None.

Small Business Effect: Potential positive impact on small businesses to the extent that the bill's provisions would create an opportunity for the future privatization of transit services.

Fiscal Analysis

State Effect: MTA currently has a labor agreement with a labor organization that contains restrictions on the subcontracting of work that has historically been performed by union employees. This agreement expires June 30, 1999. The MTA anticipates that the labor organization would request binding arbitration to resolve the conflict between the bill's provisions and the labor agreement. Based on prior arbitration experience, arbitration hearings, including a panel of arbitrators and rental of conference center facilities, could cost approximately \$250,000 from the Transportation Trust Fund. Historically, MTA has experienced arbitration hearings that last for several months.

The provisions of the bill may be in conflict with the federal Urban Mass Transportation Act that requires adequate labor protection for collective bargaining rights for transit employees. If so, it is possible that this could result in loss of all or part of federal funding for the MTA,

which is estimated at \$183 million for fiscal 1998.

To the extent that transit service becomes privatized, reductions in expenditures for the Transportation Trust Fund may be realized due to competitive bidding for transit services. However, more precise estimates of potential savings cannot be reliably quantified at this time.

Information Source(s): Department of Transportation (Mass Transit Administration), Consolidated Transportation Program, Department of Fiscal Services

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