

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

House Bill 1390 (Delegate Exum)

Ways and Means

---

**Public Transportation - Fiscal Responsibility - Certification by State Comptroller**

---

This bill prohibits a public body from entering into an arrangement with any carrier, whether public or private, to provide public transportation that is supported in whole or in part by State funds unless: (1) the arrangement is in existence on or before October 1, 1998; or (2) the Comptroller has certified the arrangement. In order for the Comptroller to certify the arrangement there must be no public carriers currently providing the service and the proposed arrangement is the least expensive means of providing the service without any disruption in service. If there is a current public carrier, the Comptroller may still certify the arrangement if the service would be unaffected by the arrangement or if the current carrier is given a reasonable opportunity to negotiate to establish efficiency measures which would enable the current service to remain at a lower cost. The bill further requires that the public body make certain notifications to affected service providers and establishes guidelines for applying for certification.

The Comptroller must allow an opportunity for interested parties to comment on the proposed arrangement. A summary of each certification must be included in the Comptroller's annual report.

---

**Fiscal Summary**

**State Effect:** Indeterminate effect on State expenditures. Revenues would not be affected.

**Local Effect:** Indeterminate effect on local expenditures.

**Small Business Effect:** Potential meaningful.

---

**Fiscal Analysis**

**State Effect:** The Comptroller would be required to process applications for certification from public bodies that seek to use private providers of transportation services. The number of applications for certification that would occur as a result of this bill is unknown. It is expected that the procedure for certification would require a hearing to allow all interested parties an opportunity to comment on the proposed arrangement. Based on current workloads, the Comptroller would require an additional hearing officer for each additional 100 hearings. As such, general fund expenditures could increase by approximately \$45,000 annually for each additional hearing officer. It includes salaries, fringe benefits, and ongoing operating expenses.

The federal Urban Mass Transportation Act requires adequate labor protection for collective bargaining rights for transit employees. State and local agencies may not privatize any transportation services in violation of a collective bargaining agreement without loss of federal funds. For example, the Mass Transit Administration's (MTA) current collective bargaining agreement with its labor organization prohibits the MTA from privatizing any service currently performed by union employees without negotiating with the union. MTA is free, however, to enter into private contracts for new services not currently performed by any entity. Therefore, the criteria for certifying such an arrangement as outlined in the bill conforms to the current practice of the MTA. However, this bill adds a procedure to the privatization process and as such may delay the implementation of a proposed transportation service. The costs associated with this delay cannot be reliably estimated at this time. The act of applying for the certification could be handled with existing resources.

**Local Effect:** Local jurisdictions that accept federal money for transportation purposes are subject to the provisions of the Urban Mass Transportation Act, meaning that any privatization efforts would require negotiations with labor organizations. The bill will not significantly change this process, although there will be a delay in implementation of any new service in order to obtain certification from the Comptroller.

There may be jurisdictions that do not receive federal funds for transportation projects. This bill will require those jurisdictions, through the certification process, to negotiate with current providers if there is a proposal to change services. This could significantly increase the costs of those jurisdictions associated with: (1) the act of complying with certification requirements; and (2) the inability to quickly change to more cost-effective service providers.

**Small Business Effect:** This bill will make it more difficult for private businesses to obtain contracts to provide public transportation services from the State or from local governments. The bill may discourage the use of private providers and will also cause a delay in the implementation of new contracts with private providers. It is not known how many small businesses provide transportation services for public bodies. As a point of reference, private

contractors operate a majority of school vehicles in 19 counties. However, the certification requirements do not apply to such arrangements that are currently in existence.

---

**Information Source(s):** Department of Transportation (Mass Transit Administration, Washington Metropolitan Area Transit Authority); Comptroller of the Treasury; Prince George's County

**Fiscal Note History:** First Reader - March 24, 1998

Inc

---

Analysis by: Jody J. Minnich

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710