

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

House Bill 941 (Delegate Mitchell. *et al.*)

Ways and Means and Appropriations

State Highway Administration - Highway Construction Projects - Minimum Funding Level

This bill provides that the total level of funds appropriated to the State Highway Administration (SHA) from the Transportation Trust Fund (TTF) for construction, reconstruction, and rehabilitation of the State highway system must be an amount equal to at least 70% of the total revenue from motor fuel taxes, vehicle titling taxes, vehicle registration fees, and federal aid. This requirement applies for fiscal 2001 through 2007.

The bill is effective July 1, 2000.

Fiscal Summary

State Effect: State Highway Administration capital expenditures would increase by \$754 million in FY 2001. Future years reflect forecasted changes in the capital program. No effect on revenues.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
SF Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditures	754	751	738	747	676
Net Effect	(\$754)	(\$751)	(\$738)	(\$747)	(\$676)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: There is no requirement for a minimum level of expenditures for the Maryland Department of Transportation's (MDOT) capital expenditures. However, MDOT is required to submit annually its Consolidated Transportation Program (CTP) in which it reports on major and minor capital projects, significant changes to the program, expected costs, planned expenditures, and related capital issues.

State Fiscal Effect: The bill will result in additional expenditures on highway system construction, reconstruction, and rehabilitation for fiscal 2001 through 2007. MDOT's current CTP forecasts revenues and expenditures for the six-year period beginning in fiscal 2000. The capital expenditure estimates include major projects, system preservation minor projects, the development and evaluation program, and salaries, wages, and other costs attributable to the capital program. Revenue projections include motor fuel taxes, registration fees, titling taxes, and federal funds. **Exhibit 1** details forecasted revenues, highway capital expenditures, and the resulting increase in spending for highway capital expenditures as required by the bill for fiscal 2001 through 2005.

Exhibit 1

**Projected Revenues and Expenditures
SHA Capital Program
(in millions)**

	2001	2002	2003	2004	2005
Revenue Credited to TTF from Specified Sources	2,067	2,258	2,168	2,105	1,946
70% of Revenue	1,447	1,581	1,518	1,474	1,362
Current SHA Capital Forecast	693	830	780	727	686
Additional SHA Capital Expenditures	754	751	738	747	676

The bill requires that the minimum level of spending remain in effect until fiscal 2007. As stated above, SHA's capital forecast does not go beyond fiscal 2005. Therefore, any effect on the capital program cannot be reliably estimated for fiscal 2006 and 2007. Additionally, it should be noted that the above expenditures and revenues are estimates and the actual amount expended or earned in any given year can vary from projections.

The bill requires a minimum level of spending for the highway capital program. MDOT would be required to divert funds from the other modes and/or pursue alternative revenue sources to cover the deficit that would begin in fiscal 2001. It is not clear at this time which option MDOT would pursue.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation (State Highway Administration), Department of Legislative Services

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