

Department of Legislative Services  
 Maryland General Assembly  
 2000 Session

FISCAL NOTE

House Bill 942 (Delegate Mitchell. *et al.*)

Ways and Means and Appropriations

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**State Highway Administration - Highway Construction Projects - Minimum Funding Level**

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The 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 35% of the total revenue credited to the TTF. This requirement applies for fiscal 2001 through 2007.

The bill is effective July 1, 2000.

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**Fiscal Summary**

**State Effect:** State Highway Administration capital expenditures would increase by \$126 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 | 126     | 98      | 105     | 126     | 129     |
| Net Effect      | (\$126) | (\$98)  | (\$105) | (\$126) | (\$129) |

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

**Local Effect:** None.

**Small Business Effect:** None.

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## 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 taxes and fees, federal funds, operating revenue, general fund transfers, and bond proceeds. The following exhibit 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.

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

|  | 2001       | 2002      | 2003       | 2004       | 2005       |
|--|------------|-----------|------------|------------|------------|
| Total Revenue Credited to TTF              | 2,342      | 2,652     | 2,528      | 2,436      | 2,329      |
| 35% of Total Revenue                       | 819        | 928       | 885        | 853        | 815        |
| Current SHA Capital Forecast               | 693        | 830       | 780        | 727        | 686        |
| <b>Additional SHA Capital Expenditures</b> | <b>126</b> | <b>98</b> | <b>105</b> | <b>126</b> | <b>129</b> |

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 that 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 to pursue alternative revenue sources to cover to the deficit that would begin in fiscal 2001. It is not clear at this time which option MDOT would pursue.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation, Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2000  
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