

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

House Bill 737 (Delegates Rawlings and Billings)

Appropriations and Ways and Means

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**Budget Process - Appropriation to Transportation Trust Fund - Improvement and  
Expansion of Mass Transit**

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This bill requires the Governor to include in the State budget a general fund appropriation to the Transportation Trust Fund when estimated operating revenues of the Mass Transit Administration (MTA) are less than 50% of operating expenses. The amount of the appropriation must total the difference between the estimated operating revenues and 50% of the estimated operating expenses or \$100 million, whichever is less. The appropriation must be used to improve service and to expand the role of mass transit in the State transportation system.

The bill takes effect July 1, 2000.

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**Fiscal Summary**

**State Effect:** General fund expenditures for mass transit services would increase by approximately \$11.8 million beginning in FY 2002. General fund revenues would not be affected.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law:** MTA is required to recover at least 50% of eligible net operating expenses for bus services and rail lines (Metro subway and light rail) under its jurisdiction through fares and other operating revenues. A separate 50% farebox requirement is mandated for MARC train service.

**Background:** The first farebox recovery requirement for MTA bus services was enacted in 1982. The 50% recovery level was chosen because the Baltimore bus service had historically recovered about 50% of costs from riders. Since 1982, the farebox recovery law has been amended to include new services including Baltimore Metro services and light rail. **Exhibit 1** shows that the recovery rate for bus services has exceeded the required 50%, while the Metro subway and light rail recovery rates are substantially below the requirement.

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**Exhibit 1**  
**MTA Farebox Recovery By Type of Service**

Transit Service	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Bus Service	54.4%	53.6%	51.1%	51.6%	50.5%	50.1%
Light Rail	25.9%	31.9%	31.9%	25.7%	27.0%	27.7%
Metro	35.5%	37.7%	35.2%	37.7%	33.0%	32.9%
MARC	54.5%	50.5%	55.7%	56.3%	59.2%	58.7%

Source: Maryland Mass Transit Administration Fiscal 2001 Allowance

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The inability to meet farebox goals since fiscal 1996 is clearly due to the low recovery rate for rail services. These services have high fixed costs that bus services do not have, such as security at rail stations and maintenance of tracks, signals, and electric systems. In addition, the rail systems have not been able to generate sufficient ridership to meet the farebox recovery requirements.

**State Fiscal Effect:** Estimated net operating expenditures for the Baltimore Bus, Metro, and Light Rail services for fiscal 2001 total \$181.7 million, and estimated operating revenues total \$79 million, or \$11.8 million below the 50% farebox requirement. Estimated net operating expenditures for MARC commuter operations for fiscal 2001 total \$34.1 million, and operating revenues total \$20 million, or \$3 million above the 50% farebox requirement.

Pursuant to this bill and assuming that the farebox recovery rate remains constant, the Governor would have to provide an \$11.8 million general fund appropriation to the Transportation Trust Fund.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management, Department of Legislative Services

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