

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

Senate Bill 201

(The President, *et al.*)

(Administration)

Budget and Taxation

Appropriations

Maryland Transportation Authority - Vehicle Parking Facilities

This Administration bill authorizes the Maryland Transportation Authority (MdTA) to finance, construct, operate, maintain, and repair vehicle parking facilities in priority funding areas. The bill defines parking facilities as a controlled entrance and exit building, surface lot, structure, and other facility for parking vehicles for which fees or charges are established.

Fiscal Summary

State Effect: Nonbudgeted revenues and expenditures could increase significantly, depending on the number and scale of facilities financed by MdTA.

Local Effect: Potential meaningful, depending on the number and scale of local facilities financed or partially financed by MdTA.

Small Business Effect: A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued when the Administration's assessment becomes available.

Analysis

Bill Summary: Revenues from such a facility must be used to pay all operating and maintenance costs and debt service for each year that the debt is unpaid and Transportation Authority Fund moneys cannot be used as a cash investment for any facility. The bill requires MdTA to give priority to projects located within a transit-

oriented development area. No less than 30 days before entering into any contract to finance a vehicle parking facility, MdTA must inform the Senate Budget and Taxation and House Appropriations committees of the proposed contract, including the level of any State, local, and private contributions.

The bill also directs MdTA to adopt regulations that specify the types of parking facilities it will finance, the financing standards it will apply, and the criteria it will use for its financing decisions. The financing provisions of the bill only apply to parking facilities that are not located at transportation facilities (e.g., airports, transit facilities).

Current Law: The MdTA is authorized to finance, construct, operate, and repair Maryland's toll facilities, including highways, bridges, and tunnels, and other authorized transportation facility projects. It also finances transportation projects such as the International Pier and improvements at BWI Airport. The MdTA can also transfer funds to the Maryland Department of Transportation (MDOT) to finance certain projects, pending approval from the Board of Public Works and an appropriation from the General Assembly.

Chapter 759 of 1997 (SB 389) established priority funding areas (PFAs) in the State. With certain exceptions, that Act prohibits State funding for growth-related projects outside priority funding areas designated by each county. PFAs include: designated revitalization neighborhoods, enterprise zones, certified heritage areas, areas located between Interstate Highway 495 and the District of Columbia (inner Beltway), and areas between Interstate 695 and Baltimore City.

Background: The MdTA advises that the bill seeks to respond to requests from local governments to help finance transit-related parking facilities. The MdTA is restricted by a 1985 trust agreement from financing parking facilities that are not on State-owned property. The MdTA further advises that it does not intend to operate parking facilities at this time.

The MdTA advises that it may use bonds backed by the parking revenue to finance or construct any parking facilities under the bill, and that the facilities are expected to be revenue neutral. It may also use a combination of bonds and unencumbered cash (money that is not obligated for a specific project), which was \$176 million in fiscal 2001 and estimated to rise to \$218 million in fiscal 2002. The level of unencumbered cash is projected by the authority to decline over the next nine years to a deficit of \$264 million in fiscal 2010, partly due to a transfer of funds to the Transportation Trust Fund for the Administration's proposed \$750 million, six-year mass transit initiative.

The MdTA derives most of its revenue from tolls, though it also receives revenue from investment income and other sources. The MdTA also has the authority to issue bonds. The revenues are used to provide law enforcement at facilities under the MdTA's jurisdiction and also to finance capital projects for MDOT. Toll revenues are estimated to reach \$240,631,000 at the end of fiscal 2002. Expenditures, including debt service and capital and operating costs, are estimated to be \$301,820,798 for that same period.

State Fiscal Effect: Whether the MdTA could generate significant revenue, incur significant expenditures, or both, depends on several factors, such as local demand, competition, the size of the structure, fees charged, and labor and material costs, which cannot be reliably estimated. Parking construction costs range from \$120,000 for a basic 50-car surface lot (excluding lighting and security installation) to millions of dollars for a garage. For example, a multilevel, 2,400-space parking garage in Baltimore City costs approximately \$10.5 million to construct, while the estimated construction cost for the 2,200-space Largo Metro parking garage is \$34 million.

The bill requires that facility revenues pay for debt service and other costs and prohibits use of the Transportation Authority Fund.

The type of ownership and operating arrangements for the facilities can also have a fiscal impact, i.e., whether MdTA assumes management responsibility for the facilities or contracts with a parking management company for a flat fee.

Local Fiscal Effect: To the extent that the MdTA finances parking lot or garage construction costs for a local government project, local revenue and expenditures could decrease significantly.

Small Business Effect: The Department of Legislative Services advises that to the extent that the MdTA finances, constructs, or operates parking facilities located near a competing facility owned or operated by a small business, those businesses could potentially be affected. However, the parking industry advises that few parking facilities in Maryland are operated by small businesses and no data are currently available regarding the number of parking facilities owned by small business. It is therefore assumed that no small businesses will be impacted by the MdTA's participation in parking facility finance, construction, or operation.

Additional Information

Prior Introductions: None.

Cross File: HB 334 (The Speaker, *et al.*) – Administration.

Information Source(s): Department of Transportation (Maryland Transportation Authority), Parking Market Research, Department of Legislative Services

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