HB 732

Department of Legislative Services

Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 732 (Delegate Conroy, *et al.*)
Appropriations

Intercounty Connector - Prohibition

This bill prohibits the Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MdTA) from spending any funds or granting any approvals or permits or permits relating to the right-of-way acquisition for, or the design or construction of a proposed highway connecting Interstate 270 in Montgomery County with Interstate 95 in Prince George's County. This project is commonly referred to as the Intercounty Connector (ICC).

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) and nonbudgeted expenditures would decrease by $1.7 billion over the design and construction period of the ICC, including a decrease in nonbudgeted expenditures of $89 million in FY 2005.

Local Effect: Prince George's and Montgomery counties would be affected to the extent that traffic patterns in both counties will remain the same and master plans will need to be changed. Other socioeconomic impacts (positive or negative) may have also resulted from the ICC.

Small Business Effect: Potential meaningful.

Analysis

Current Law: State law does not bar MDOT or any State agency from spending funds for the ICC. MDOT is restricted from spending any further funds for two purposes: (1) construction of I-95 through Prince George's County that will involve a new or reconstructed segment connecting it to any other highway in Prince George's County; and (2) the construction of a new highway, arterial, freeway, or expressway in the right-of-way reserved for the project designated as the Rockville Facility in Montgomery County.

Background: The proposed ICC is an 18-mile, controlled access, divided highway that would connect Interstate 270 in Montgomery County and I-95 from Shady Grove to Laurel/Greenbelt. A version of it was first proposed in 1950 and later included in the master plans for Prince George's and Montgomery counties to accommodate anticipated growth in both counties. In July 1997, federal and State highway agencies issued a draft Environmental Impact Statement that evaluated potential environmental and socioeconomic impacts of the proposed ICC, as well as four alternatives to the ICC. No further action was taken. Maryland has spent $51 million to acquire rights-of-way for the ICC and $15 million for planning work, including $3 to $4 million for the actual study.

State Effect: Nonbudgeted debt service and TTF bond expenditures and revenues would decrease by a combined total of $1.7 billion, including funds budgeted for fiscal 2005 in the six-year capital program. The State Highway Administration (SHA) estimates that the ICC will require four years to design and construct. However, no TTF expenditures are slated in fiscal 2005 or thereafter, pending an updated funding schedule. Nonbudgeted expenditures for MdTA would decrease by $89 million in fiscal 2005 for right-of-way acquisition.

Both agencies incurred expenditures in fiscal 2004 for studies and right-of-way purchases for the ICC ($27.4 million nonbudgeted and $19.7 million TTF). If any of these funds are not used in fiscal 2004, expenditures would decrease further. Potential toll revenues associated would also not be realized for MdTA.

SHA estimates that construction will cost $1.1 billion; the remaining $600 million in debt revenues will be used for right-of-way acquisition, planning, and engineering. However, the final cost will vary depending on the route selected and the environmental mitigation that is required. Several financing alternatives have been proposed to pay for the ICC, including use of bonds based on future federal highway funds, known as Grant Anticipation Revenue Vehicle (GARVEE). MDOT's conceptual financing plan for the ICC calls for:

- $900 million to $1 billion of GARVEE bonds;
- $500 million to $950 million of MdTA bonds (potentially supported by tolls on the ICC);
- $50 million to $300 million of cash; and

- $10 million to $50 million of federal special revenue from the six-year reauthorization bill under consideration by Congress.

Local Government Effect: Montgomery County advises that while construction of the ICC does not directly affect its operations, cancellation of the project would require several master plans to be redone. Prince George's County did not respond to a request for information.

Small Business Effect: Subcontractors who would otherwise benefit from the project will be adversely affected; however, the construction activity could divert traffic from retail or other small businesses in the area or displace them.

Additional Information

Prior Introductions: A similar bill was introduced as HB 817 in 1998 and was heard by the Appropriations Committee. No action was taken.

Cross File: None.

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

Fiscal Note History: First Reader - March 9, 2004
ncs/mdr

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