
By: **Delegates Hixson, Barkley, Bohanan, Boschert, Bronrott, Cryor,
C. Davis, Franchot, Griffith, Heller, Kaiser, King, Lawton, Madaleno,
Mayer, McKee, Petzold, Stern, and Wood**

Introduced and read first time: February 10, 2006

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Transportation Funding - Mass Transit - Funding**

3 FOR the purpose of altering the distribution of sales and use tax revenue; creating a
4 Mass Transit Account within the Transportation Trust Fund; providing for the
5 distribution of certain sales and use tax revenue to the Mass Transit Account
6 within the Fund; pledging certain taxes collected to pay the principal and
7 interest on certain bonds; limiting the use of the Mass Transit Account to
8 funding certain transit expenses; providing that certain revenues distributed to
9 the Mass Transit Account are in addition to and may not supplant certain other
10 funds for mass transit; stating the intent of the General Assembly that the
11 Washington Metropolitan Area Transit Authority Board of Directors adopt
12 certain financial planning and business practices; and generally relating to the
13 funding of mass transit in the State.

14 BY repealing

15 Article - Transportation
16 The subtitle designation "Subtitle 4. Transportation Revenue Sharing Fund" of
17 Title 3
18 Annotated Code of Maryland
19 (2001 Replacement Volume and 2005 Supplement)

20 BY adding to

21 Article - Tax - General
22 Section 2-1302.2
23 Annotated Code of Maryland
24 (2004 Replacement Volume and 2005 Supplement)

25 BY repealing and reenacting, with amendments,

26 Article - Tax - General
27 Section 2-1303
28 Annotated Code of Maryland

1 (2004 Replacement Volume and 2005 Supplement)

2 BY repealing and reenacting, with amendments,

3 Article - Transportation

4 Section 3-215(b) and 3-216

5 Annotated Code of Maryland

6 (2001 Replacement Volume and 2005 Supplement)

7 BY adding to

8 Article - Transportation

9 Section 3-401 to be under the new subtitle "Subtitle 4. Mass Transit Account"

10 Annotated Code of Maryland

11 (2001 Replacement Volume and 2005 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the subtitle designation "Subtitle 4. Transportation Revenue
14 Sharing Fund" of Title 3 of Article - Transportation of the Annotated Code of
15 Maryland be repealed.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
17 read as follows:

18 **Article - Tax - General**

19 2-1302.2.

20 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, BEGINNING
21 WITH THE FISCAL YEAR THAT BEGINS ON JULY 1, 2008, AND FOR EACH FISCAL YEAR
22 THEREAFTER, AFTER MAKING THE DISTRIBUTION REQUIRED UNDER §§ 2-1301
23 THROUGH 2-1302.1 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE
24 MONTHLY 5% OF THE REMAINING SALES AND USE TAX REVENUE TO THE MASS
25 TRANSIT ACCOUNT OF THE TRANSPORTATION TRUST FUND ESTABLISHED UNDER §
26 3-216 OF THE TRANSPORTATION ARTICLE.

27 (B) FOR THE FISCAL YEAR BEGINNING ON JULY 1, 2007, ONLY, INSTEAD OF
28 THE DISTRIBUTION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION, THE
29 COMPTROLLER SHALL DISTRIBUTE MONTHLY TO THE MASS TRANSIT ACCOUNT 2.5%
30 OF THE REMAINING SALES AND USE TAX REVENUE.

31 2-1303.

32 After making the distributions required under §§ 2-1301 through [2-1302.1]
33 2-1302.2 of this subtitle, the Comptroller shall pay:

34 (1) revenues from the hotel surcharge into the Dorchester County
35 Economic Development Fund established under Article 83A, § 5-216 of the Code; and

1 (2) the remaining sales and use tax revenue into the General Fund of the
2 State.

3 **Article - Transportation**

4 3-215.

5 (b) The tax levied and imposed by this section consists of that part of the
6 following taxes that are retained to the credit of the Department after distributions to
7 the political subdivisions:

8 (1) The motor fuel tax revenue distributed under §§ 2-1103(2) and
9 2-1104(4) of the Tax - General Article;

10 (2) The income tax revenue distributed under § 2-614 of the Tax -
11 General Article;

12 (3) The excise tax imposed on vehicles by Part II of Title 13, Subtitle 8 of
13 this article; [and]

14 (4) The sales and use tax revenues distributed under § 2-1302.1 of the
15 Tax - General Article; AND

16 (5) THE SALES AND USE TAX REVENUES DISTRIBUTED UNDER § 2-1302.2
17 OF THE TAX - GENERAL ARTICLE.

18 3-216.

19 (a) There is a Transportation Trust Fund for the Department.

20 (b) Except as otherwise expressly provided by statute, there shall be credited
21 to the Transportation Trust Fund for the account of the Department all taxes, fees,
22 charges, and revenues collected or received by or paid, appropriated, or credited to the
23 account of the Department or any of its units in the exercise of their rights, powers,
24 duties, or obligations, including the cash proceeds of the sale of consolidated
25 transportation bonds, notes, or other evidences of obligation issued by the
26 Department, any General Fund appropriations, and the proceeds of any State loan or
27 federal grant made for transportation purposes.

28 (c) (1) There shall be maintained in the Transportation Trust Fund one or
29 more sinking fund accounts to which shall be credited and from which shall be paid,
30 from the proceeds of the taxes levied and imposed for that purpose or from any other
31 funds of the Department, amounts sufficient at all times to meet the debt service on
32 all bonds of prior issues and consolidated transportation bonds from time to time
33 outstanding and unpaid.

34 (2) (i) The Gasoline and Motor Vehicle Revenue Account, the Driver
35 Education Account, [and] the Motorcycle Safety Program Account, AND THE MASS
36 TRANSIT ACCOUNT shall be maintained in the Transportation Trust Fund.

1 (ii) In each fiscal year, the Department shall budget from federal
2 funds available to the Department, other funds in the Transportation Trust Fund, and
3 any other funds available to the Department, an amount sufficient to fund projects
4 and programs determined by the Secretary to be necessary to achieve the bicycle and
5 pedestrian transportation goals identified for the fiscal year under Title 2, Subtitle 6
6 of this article.

7 (d) (1) After meeting its debt service requirements, the Department may use
8 the funds in the Transportation Trust Fund for any lawful purpose related to the
9 exercise of its rights, powers, duties, and obligations.

10 (2) Expenditures under this subsection shall be made in accordance with
11 any appropriation provided for in any applicable budget bill or supplementary
12 appropriation bill. However, an appropriation proposed to be made to any unit in the
13 Department or proposed to be made for any designated transportation activity,
14 function, or undertaking that has been reduced by the General Assembly may not be
15 restored, for the same purpose as originally proposed, except in an emergency, by the
16 budget amendment procedure of § 7-209 of the State Finance and Procurement
17 Article, or otherwise if the General Assembly in striking or reducing the
18 appropriation, prohibited its restoration. However, except for emergency capital
19 projects, if the General Assembly explicitly reduces in the budget bill an
20 appropriation proposed for a major capital project as defined in § 2-103.1(a)(4) of this
21 article, the appropriation may not be restored for the same purpose as originally
22 proposed by the budget amendment procedure of § 7-209 of the State Finance and
23 Procurement Article or otherwise unless the General Assembly, in striking or
24 reducing the appropriation, expressly authorized its restoration.

25 (3) (i) During the period of fiscal years 1988 through 1992 as included
26 in the annual State Report on Transportation, the Department shall utilize all of its
27 share of the revenues attributable to the 5 cent increase of the motor fuel tax under
28 the provisions of Chapter 291 of the Acts of 1987 and credited to the Transportation
29 Trust Fund under § 2-1104 of the Tax - General Article and the proceeds of any
30 increased indebtedness based on that revenue and credited to the Transportation
31 Trust Fund to fund Department projects for the construction, reconstruction, and
32 rehabilitation of the State highway system.

33 (ii) During the period of fiscal year 1988 through fiscal year 1992
34 the total level of State funds appropriated to the State Highway Administration for
35 construction, reconstruction and rehabilitation of the State highway system,
36 including the revenues referred to in subparagraph (i) above, shall be at least 70
37 percent of the total appropriation of State funds in the consolidated transportation
38 capital program.

39 (iii) The Secretary of the Department shall submit, subject to §
40 2-1246 of the State Government Article, to the Legislative Policy Committee and the
41 Department of Legislative Services a report:

42 1. Prior to the beginning of each session through the 1991
43 session, detailing the intended use of the new revenues; and

1 2. Prior to the beginning of each session beginning with the
2 1989 session and through the 1993 session, detailing the actual use of the new
3 revenues in the prior fiscal year.

4 (4) Of the new revenues derived under the provisions of Chapter 291 of
5 the Acts of 1987 and credited to the Department, \$31,000,000 shall be transferred to
6 the Maryland Emergency Medical Service System Fund at such time as determined
7 by the Secretary of Budget and Management.

8 (5) For each fiscal year, the Department shall use the funds in the
9 Transportation Trust Fund for the purposes specified in subsection (c)(2)(ii) of this
10 section, which may include construction and maintenance of:

11 (i) Public bicycle areas as defined in § 21-101(k) of this article;

12 (ii) Bicycle ways as defined in § 21-101(l) of this article; and

13 (iii) Sidewalks as defined in § 21-101(t) of this article.

14 (6) Each year, before the General Assembly considers the proposed
15 Maryland Transportation Plan and the Consolidated Transportation Program, the
16 Department shall report to the General Assembly, in accordance with § 2-1246 of the
17 State Government Article, on:

18 (i) The expenditures made toward the attainment of the bicycle
19 and pedestrian transportation goals during the preceding fiscal year under Title 2,
20 Subtitle 6 of this article; and

21 (ii) The progress made toward attainment of the bicycle and
22 pedestrian transportation goals identified for the fiscal year under Title 2, Subtitle 6
23 of this article.

24 (e) (1) Except as otherwise provided in this subsection, this section is
25 effective notwithstanding any other provision of law.

26 (2) Nothing in this section may adversely affect in any way the security
27 of any of the following bonds while they are outstanding and unpaid:

28 (i) State highway construction bonds, second issue;

29 (ii) State highway construction bonds, third issue;

30 (iii) County highway construction bonds; or

31 (iv) County highway construction bonds, second issue.

32 (3) It is the intent of the General Assembly that, as long as any of the
33 bonds listed in paragraph (2) of this subsection are outstanding and unpaid:

1 (i) The sinking fund requirements established for the payment of
2 the principal of and interest on those bonds shall remain unchanged, as if this section
3 had not been enacted; and

4 (ii) The taxes and revenues pledged to the payment of the principal
5 of and interest on those bonds as they become due and payable may not be repealed,
6 diminished, or applied to any other purpose until:

7 1. The bonds and the interest on them have become due and
8 fully paid; or

9 2. Adequate and complete provision for payment of the
10 principal and interest has been made.

11 (f) (1) No part of the Transportation Trust Fund may revert or be credited to
12 the general funds of this State. No part of the Transportation Trust Fund may revert
13 or be credited to a special fund of the State, unless otherwise provided by law. No part
14 of the Transportation Trust Fund may revert or be credited to a special fund of the
15 State pursuant to the provisions of § 7-209(e)(2) of the State Finance and
16 Procurement Article, unless the transfer is approved by the Legislative Policy
17 Committee. Failure of the Legislative Policy Committee to reject the transfer within
18 15 days after presentation before the Legislative Policy Committee shall be deemed to
19 be approval.

20 (2) Notwithstanding any other provision of law, for fiscal year 1984 only,
21 \$29,000,000 of the funds in the Transportation Trust Fund which are not required by
22 law to be distributed to the counties or Baltimore City and which have not been
23 pledged or otherwise committed to the payment of or as security for the payment of
24 any bonds or debt issued or incurred pursuant to this article shall be transferred and
25 credited to the general funds of the State on or before June 30, 1984 and shall be
26 available for appropriation from the general funds in fiscal year 1984.

27 SUBTITLE 4. MASS TRANSIT ACCOUNT.

28 3-401.

29 (A) THERE IS A MASS TRANSIT ACCOUNT IN THE TRANSPORTATION TRUST
30 FUND.

31 (B) ALL REVENUES DISTRIBUTED TO THE TRANSPORTATION TRUST FUND
32 UNDER § 2-1302.2 OF THE TAX - GENERAL ARTICLE SHALL BE CREDITED TO THE
33 MASS TRANSIT ACCOUNT.

34 (C) FUNDS FROM THE MASS TRANSIT ACCOUNT MAY ONLY BE USED TO FUND:

35 (1) CAPITAL AND OPERATING EXPENSES OF THE WASHINGTON
36 METROPOLITAN AREA TRANSIT AUTHORITY (WMATA), INCLUDING ADDITIONAL
37 FUNDING FOR THE MAINTENANCE AND IMPROVEMENT OF THE TRANSPORTATION
38 SYSTEM OF WMATA CONSISTENT WITH:

1 (I) LEGISLATION ENACTED BY CONGRESS PROVIDING ADDITIONAL
2 FEDERAL GRANTS TO WMATA FOR THE MAINTENANCE AND IMPROVEMENT OF THE
3 TRANSPORTATION SYSTEM; AND

4 (II) LEGISLATION PASSED BY THE COUNCIL OF THE DISTRICT OF
5 COLUMBIA AND THE VIRGINIA GENERAL ASSEMBLY DEDICATING REVENUES FOR
6 THE SAME PURPOSE;

7 (2) CAPITAL AND OPERATING EXPENSES OF THE MARYLAND TRANSIT
8 ADMINISTRATION; AND

9 (3) GRANTS TO LOCAL JURISDICTIONS FOR MASS TRANSIT CAPITAL AND
10 OPERATING EXPENSES.

11 (D) (1) THIS SECTION MAY NOT BE CONSTRUED TO REQUIRE THAT THE
12 MASS TRANSIT ACCOUNT BE THE SOLE SOURCE OF FUNDING FOR THE CAPITAL AND
13 OPERATING EXPENSES OF THE MARYLAND TRANSIT ADMINISTRATION, THE CAPITAL
14 AND OPERATING EXPENSES OF WMATA, OR LOCAL GRANTS TO LOCAL JURISDICTIONS
15 FOR MASS TRANSIT CAPITAL AND OPERATING EXPENSES.

16 (2) THE REVENUES CREDITED TO THE MASS TRANSIT ACCOUNT UNDER
17 THIS SECTION ARE IN ADDITION TO AND MAY NOT SUPPLANT ANY FUNDS WITHIN
18 THE TRANSPORTATION TRUST FUND NECESSARY TO PAY THE PROJECTED MASS
19 TRANSIT OPERATING AND CAPITAL COSTS IDENTIFIED IN THE DEPARTMENT'S
20 APPROVED CONSOLIDATED TRANSPORTATION PROGRAM FOR FISCAL YEARS 2006
21 THROUGH 2011.

22 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the
23 General Assembly that the Washington Metropolitan Area Transit Authority
24 (WMATA) Board of Directors should study and adopt the following improvements to
25 WMATA's financial planning and business practices:

26 (1) after consultation with stakeholders and the funding jurisdictions,
27 complete a strategic plan that:

28 (i) prioritizes goals for the transportation system and strategies to
29 achieve these goals; and

30 (ii) adopts performance measures and benchmarks, which are reported
31 through the annual budget process to the Board and funding jurisdictions;

32 (2) develop a long-range budget plan, outlining WMATA's long-term capital
33 and operating needs and funding requirements; and

34 (3) adopt an annual 5-year service and financial plan that:

35 (i) outlines planned transportation services;

36 (ii) estimates the operating costs of planned service expansions; and

1 (iii) includes detailed expenditure and revenue projections.

2 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
3 July 1, 2006.