
By: Delegates Hixson, McIntosh, Howard, Healey, Ramirez, Cardin, Patterson, Gordon, Marriott, Bozman, Ross, Goodwin, Conroy, Dumais, Goldwater, Mandel, Montgomery, Feldman, Gaines, Gutierrez, Lee, Murray, Niemann, Simmons, Vaughn, 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

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 31, 2006

CHAPTER _____

1 AN ACT concerning

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

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; requiring the Maryland~~
13 ~~Department of Transportation to conduct certain analyses on the operating and~~
14 ~~capital funding needs for transit over a certain period of time; requiring the~~
15 ~~Department to conduct certain reviews of the funding structures of certain other~~
16 ~~transit systems; requiring the Department to identify certain funding strategies;~~
17 ~~establishing a certain steering committee; providing for the membership of the~~
18 ~~steering committee; requiring the Department to submit a certain report; and~~
19 ~~generally relating to the funding of mass transit in the State.~~

20 ~~BY repealing~~

21 ~~Article Transportation~~

22 ~~The subtitle designation "Subtitle 4. Transportation Revenue Sharing Fund" of~~

1 Title 3
 2 Annotated Code of Maryland
 3 (2001 Replacement Volume and 2005 Supplement)

4 ~~BY adding to~~
 5 ~~Article Tax General~~
 6 ~~Section 2-1302.2~~
 7 ~~Annotated Code of Maryland~~
 8 ~~(2004 Replacement Volume and 2005 Supplement)~~

9 ~~BY repealing and reenacting, with amendments,~~
 10 ~~Article Tax General~~
 11 ~~Section 2-1303~~
 12 ~~Annotated Code of Maryland~~
 13 ~~(2004 Replacement Volume and 2005 Supplement)~~

14 ~~BY repealing and reenacting, with amendments,~~
 15 ~~Article Transportation~~
 16 ~~Section 3-215(b) and 3-216~~
 17 ~~Annotated Code of Maryland~~
 18 ~~(2001 Replacement Volume and 2005 Supplement)~~

19 ~~BY adding to~~
 20 ~~Article Transportation~~
 21 ~~Section 3-401 to be under the new subtitle "Subtitle 4. Mass Transit Account"~~
 22 ~~Annotated Code of Maryland~~
 23 ~~(2001 Replacement Volume and 2005 Supplement)~~

24 Preamble

25 WHEREAS, The Maryland Department of Transportation is studying the
 26 future transit needs of the Baltimore and Washington regions and several major
 27 transit projects are under consideration, including the Red and Green lines in
 28 Baltimore City, the Bi-County Transitway, the Corridor Cities Transitway, and the
 29 expansion of the Washington Metro to BWI-Thurgood Marshall Airport; and

30 WHEREAS, In January 2005, a Blue Ribbon Panel identified an average annual
 31 shortfall of \$300 million in the Washington Metropolitan Area Transit Authority's
 32 (WMATA) capital funding needs through 2015. In response, legislation was
 33 introduced in Congress to provide a substantial federal commitment to funding
 34 WMATA, contingent on participating state and local governments earmarking funds
 35 from dedicated funding sources for the same purpose; and

1 WHEREAS, Maryland supports efforts to obtain additional federal assistance
2 for the operations, maintenance and expansion of WMATA, given the federal
3 government's reliance on the transit system; and

4 WHEREAS, Maryland has and will continue to meet its obligation to fund its
5 share of WMATA's operating and capital needs, as evidenced by the State's
6 participation in Metro Matters; and

7 WHEREAS, Maryland has statewide transit funding needs that should be
8 addressed using a statewide approach that is equitable for all regions; now, therefore,

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
10 MARYLAND, That:

11 (a) The Maryland Department of Transportation shall provide an analysis of
12 operating and capital funding needs for transit in the State over a twenty year
13 horizon. The analysis shall include a comprehensive, financially unconstrained
14 review of potential needs. Projections should provide detail on operating and capital
15 assumptions, including baseline growth, system preservation, service expansion, and
16 system expansion including all new transit projects currently under study. To the
17 extent practical, the analysis shall consider previous studies or approved service
18 expansion plans for the Washington Metropolitan Area Transit Authority (WMATA),
19 Maryland Transit Administration services (Metro, Light Rail, Bus, Commuter Bus,
20 and MARC), and locally operated transit systems.

21 (b) The Maryland Department of Transportation shall conduct a review of how
22 transit services are funded across the country and in select cities outside the United
23 States with large transit systems. The review should providing a list of revenue
24 sources used, examples of the mix of sources applied, and other detailed information
25 helpful to considering transit funding strategies. This review should consider state,
26 regional, and local approaches to funding transit systems, including capital expansion
27 projects. The study may discuss the policy considerations of potential revenue sources
28 not currently used in Maryland.

29 (c) The Maryland Department of Transportation shall identify State funding
30 strategies to take advantage of potential new federal funding for WMATA that could
31 be authorized by pending federal legislation.

32 (d) (1) There is a Transit Funding Study Steering Committee.

33 (2) The Steering Committee shall meet periodically to provide guidance
34 and direction to the Maryland Department of Transportation in conducting the
35 studies and analysis required under this section.

36 (3) The Steering Committee shall consist of the following members:

37 (i) Three members of the Senate of Maryland, appointed by the
38 President of the Senate;

1 (ii) Three members of the House of Delegates, appointed by the
2 Speaker of the House;

3 (iii) The Secretary of Transportation, or the Secretary's designee;
4 and

5 (iv) The Secretary of Budget and Management, or the Secretary's
6 designee.

7 (e) The Maryland Department of Transportation shall submit a report to the
8 General Assembly on or before December 15, 2006, in accordance with § 2-1246 of the
9 State Government Article, that includes the studies and analysis required under this
10 section.

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

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

17 ~~**Article – Tax – General**~~

18 ~~2-1302.2.~~

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

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

30 ~~2-1303.~~

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

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

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

1

Article—Transportation2 ~~3-215.~~

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

6 (1) The motor fuel tax revenue distributed under §§ 2-1103(2) and
7 2-1104(4) of the Tax—General Article;

8 (2) The income tax revenue distributed under § 2-614 of the Tax—
9 General Article;

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

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

14 (5) THE SALES AND USE TAX REVENUES DISTRIBUTED UNDER § 2-1302.2
15 OF THE TAX—GENERAL ARTICLE.

16 ~~3-216.~~

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

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

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

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

35 (ii) In each fiscal year, the Department shall budget from federal
36 funds available to the Department, other funds in the Transportation Trust Fund, and
37 any other funds available to the Department, an amount sufficient to fund projects

1 and programs determined by the Secretary to be necessary to achieve the bicycle and
2 pedestrian transportation goals identified for the fiscal year under Title 2, Subtitle 6
3 of this article.

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

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

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

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

36 (iii) The Secretary of the Department shall submit, subject to §
37 2-1246 of the State Government Article, to the Legislative Policy Committee and the
38 Department of Legislative Services a report:

39 1. Prior to the beginning of each session through the 1991
40 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:~~

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

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

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

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

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

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

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

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

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

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

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

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

~~(i) outlines planned transportation services;~~

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

1 (iii) ~~includes detailed expenditure and revenue projections.~~

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