

SENATE BILL 167

R2
SB 850/06 – B&T

71r0352

By: **Senators Kramer, Forehand, Garagiola, McFadden, Munson, and Muse**
Introduced and read first time: January 26, 2007
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Transportation Funding – Mass Transit Account**

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 pledging certain taxes collected to pay the principal and interest on certain
7 bonds; limiting the use of the Mass Transit Account to funding certain transit
8 expenses; providing that certain revenues distributed to the Mass Transit
9 Account are in addition to and may not supplant certain other funds for mass
10 transit; stating the intent of the General Assembly that the Washington
11 Metropolitan Area Transit Authority Board of Directors adopt certain financial
12 planning and business practices; and generally relating to the funding of mass
13 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 2006 Supplement)

20 BY adding to

21 Article – Tax – General

22 Section 2–1302.2

23 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2004 Replacement Volume and 2006 Supplement)

2 BY repealing and reenacting, with amendments,
 3 Article – Tax – General
 4 Section 2–1303
 5 Annotated Code of Maryland
 6 (2004 Replacement Volume and 2006 Supplement)

7 BY repealing and reenacting, with amendments,
 8 Article – Transportation
 9 Section 3–215(b) and 3–216
 10 Annotated Code of Maryland
 11 (2001 Replacement Volume and 2006 Supplement)

12 BY adding to
 13 Article – Transportation
 14 Section 3–401 to be under the new subtitle “Subtitle 4. Mass Transit Account”
 15 Annotated Code of Maryland
 16 (2001 Replacement Volume and 2006 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 18 MARYLAND, That the subtitle designation “Subtitle 4. Transportation Revenue
 19 Sharing Fund” of Title 3 of Article – Transportation of the Annotated Code of
 20 Maryland be repealed.

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

23 **Article – Tax – General**

24 **2–1302.2.**

25 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
 26 BEGINNING WITH THE FISCAL YEAR THAT BEGINS ON JULY 1, 2009, AND FOR
 27 EACH FISCAL YEAR THEREAFTER, AFTER MAKING THE DISTRIBUTIONS
 28 REQUIRED UNDER §§ 2–1301 THROUGH 2–1302.1 OF THIS SUBTITLE, THE
 29 COMPTROLLER SHALL DISTRIBUTE MONTHLY 5% OF THE REMAINING SALES
 30 AND USE TAX REVENUE TO THE MASS TRANSIT ACCOUNT OF THE
 31 TRANSPORTATION TRUST FUND ESTABLISHED UNDER § 3–216 OF THE
 32 TRANSPORTATION ARTICLE.

1 **(B) FOR THE FISCAL YEAR BEGINNING ON JULY 1, 2008, ONLY, INSTEAD**
2 **OF THE DISTRIBUTION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION,**
3 **THE COMPTROLLER SHALL DISTRIBUTE MONTHLY TO THE MASS TRANSIT**
4 **ACCOUNT 2.5% OF THE REMAINING SALES AND USE TAX REVENUE.**

5 2-1303.

6 After making the distributions required under §§ 2-1301 through [2-1302.1]
7 **2-1302.2** of this subtitle, the Comptroller shall pay:

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

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

12 **Article - Transportation**

13 3-215.

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

17 (1) The motor fuel tax revenue distributed under §§ 2-1103(2) and
18 2-1104(4) of the Tax – General Article;

19 (2) The income tax revenue distributed under § 2-614 of the Tax –
20 General Article;

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

23 (4) The sales and use tax revenues distributed under § 2-1302.1 of the
24 Tax – General Article; **AND**

25 **(5) THE SALES AND USE TAX REVENUES DISTRIBUTED UNDER**
26 **§ 2-1302.2 OF THE TAX – GENERAL ARTICLE.**

27 3-216.

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

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

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

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

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

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

27 (2) Expenditures under this subsection shall be made in accordance
28 with any appropriation provided for in any applicable budget bill or supplementary
29 appropriation bill. However, an appropriation proposed to be made to any unit in the
30 Department or proposed to be made for any designated transportation activity,
31 function, or undertaking that has been reduced by the General Assembly may not be
32 restored, for the same purpose as originally proposed, except in an emergency, by the
33 budget amendment procedure of § 7-209 of the State Finance and Procurement
34 Article, or otherwise if the General Assembly in striking or reducing the appropriation,
35 prohibited its restoration. However, except for emergency capital projects, if the
36 General Assembly explicitly reduces in the budget bill an appropriation proposed for a

1 major capital project as defined in § 2–103.1(a)(4) of this article, the appropriation may
2 not be restored for the same purpose as originally proposed by the budget amendment
3 procedure of § 7–209 of the State Finance and Procurement Article or otherwise unless
4 the General Assembly, in striking or reducing the appropriation, expressly authorized
5 its restoration.

6 (3) (i) During the period of fiscal years 1988 through 1992 as
7 included in the annual State Report on Transportation, the Department shall utilize
8 all of its share of the revenues attributable to the 5 cent increase of the motor fuel tax
9 under the provisions of Chapter 291 of the Acts of 1987 and credited to the
10 Transportation Trust Fund under § 2–1104 of the Tax – General Article and the
11 proceeds of any increased indebtedness based on that revenue and credited to the
12 Transportation Trust Fund to fund Department projects for the construction,
13 reconstruction, and rehabilitation of the State highway system.

14 (ii) During the period of fiscal year 1988 through fiscal year
15 1992 the total level of State funds appropriated to the State Highway Administration
16 for construction, reconstruction and rehabilitation of the State highway system,
17 including the revenues referred to in subparagraph (i) above, shall be at least 70
18 percent of the total appropriation of State funds in the consolidated transportation
19 capital program.

20 (iii) The Secretary of the Department shall submit, subject to §
21 2–1246 of the State Government Article, to the Legislative Policy Committee and the
22 Department of Legislative Services a report:

23 1. Prior to the beginning of each session through the
24 1991 session, detailing the intended use of the new revenues; and

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

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

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

35 (i) Public bicycle areas as defined in § 21–101(o) of this article;

1 (ii) Bicycle ways as defined in § 21–101(d) of this article; and

2 (iii) Sidewalks as defined in § 21–101(w) of this article.

3 (6) Each year, before the General Assembly considers the proposed
4 Maryland Transportation Plan and the Consolidated Transportation Program, the
5 Department shall report to the General Assembly, in accordance with § 2–1246 of the
6 State Government Article, on:

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

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

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

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

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

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

19 (iii) County highway construction bonds; or

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

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

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

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

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

3 2. Adequate and complete provision for payment of the
4 principal and interest has been made.

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

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

21 **SUBTITLE 4. MASS TRANSIT ACCOUNT.**

22 **3-401.**

23 **(A) THERE IS A MASS TRANSIT ACCOUNT IN THE TRANSPORTATION**
24 **TRUST FUND.**

25 **(B) ALL REVENUES DISTRIBUTED TO THE TRANSPORTATION TRUST**
26 **FUND UNDER § 2-1302.2 OF THE TAX - GENERAL ARTICLE SHALL BE CREDITED**
27 **TO THE MASS TRANSIT ACCOUNT.**

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

30 **(1) CAPITAL AND OPERATING EXPENSES OF THE WASHINGTON**
31 **METROPOLITAN AREA TRANSIT AUTHORITY (WMATA), INCLUDING**

1 **ADDITIONAL FUNDING FOR THE MAINTENANCE AND IMPROVEMENT OF THE**
2 **TRANSPORTATION SYSTEM OF WMATA CONSISTENT WITH:**

3 **(I) FEDERAL LAW PROVIDING ADDITIONAL FEDERAL**
4 **GRANTS TO WMATA FOR THE MAINTENANCE AND IMPROVEMENT OF THE**
5 **TRANSPORTATION SYSTEM AND REQUIRING WMATA COMPACT JURISDICTIONS**
6 **TO IDENTIFY A DEDICATED FUNDING SOURCE FOR THOSE PURPOSES; AND**

7 **(II) LAWS ENACTED BY THE DISTRICT OF COLUMBIA AND**
8 **THE COMMONWEALTH OF VIRGINIA DEDICATING REVENUES FOR THE**
9 **PURPOSES SPECIFIED IN ITEM (I) OF THIS ITEM;**

10 **(2) CAPITAL AND OPERATING EXPENSES OF THE MARYLAND**
11 **TRANSIT ADMINISTRATION; AND**

12 **(3) GRANTS TO LOCAL JURISDICTIONS FOR MASS TRANSIT**
13 **CAPITAL AND OPERATING EXPENSES.**

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

20 **(2) THE REVENUES CREDITED TO THE MASS TRANSIT ACCOUNT**
21 **UNDER THIS SECTION ARE IN ADDITION TO AND MAY NOT SUPPLANT ANY FUNDS**
22 **WITHIN THE TRANSPORTATION TRUST FUND NECESSARY TO PAY THE**
23 **PROJECTED MASS TRANSIT OPERATING AND CAPITAL COSTS IDENTIFIED IN THE**
24 **DEPARTMENT'S APPROVED CONSOLIDATED TRANSPORTATION PROGRAM FOR**
25 **FISCAL YEARS 2007 THROUGH 2012.**

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

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

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

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

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

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

8 (i) outlines planned transportation services;

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

11 (iii) includes detailed expenditure and revenue projections.

12 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2007.