

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

House Bill 1128  
Appropriations

(Delegate Krebs, *et al.*)

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Transportation Trust Fund Protection Act

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This bill prohibits the transfer of money in the Transportation Trust Fund to the general fund unless (1) the Governor declares the transfer necessary due to extraordinary financial conditions; and (2) legislation enacted prior to the transfer provides for repayment of the funds within five years after the diversion, with repayment commencing immediately.

The bill takes effect July 1, 2008.

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Fiscal Summary

**State Effect:** No direct effect. To the extent that future legislation provides for a transfer of TTF revenues to the general fund, general fund expenditures could increase in order to repay TTF within the five-year time limit.

**Local Effect:** Local government finances would not be directly affected by the bill.

**Small Business Effect:** None.

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Analysis

**Current Law:** After meeting debt service obligations, the Maryland Department of Transportation may use funds in TTF for any lawful purpose related to the exercise of its rights, powers, duties, and obligations. No part of TTF may revert or be credited to the general fund.

**Background:** TTF is a nonlapsing special fund that provides funding for transportation. It consists of tax and fee revenues, operating revenues, bond proceeds, and fund transfers.

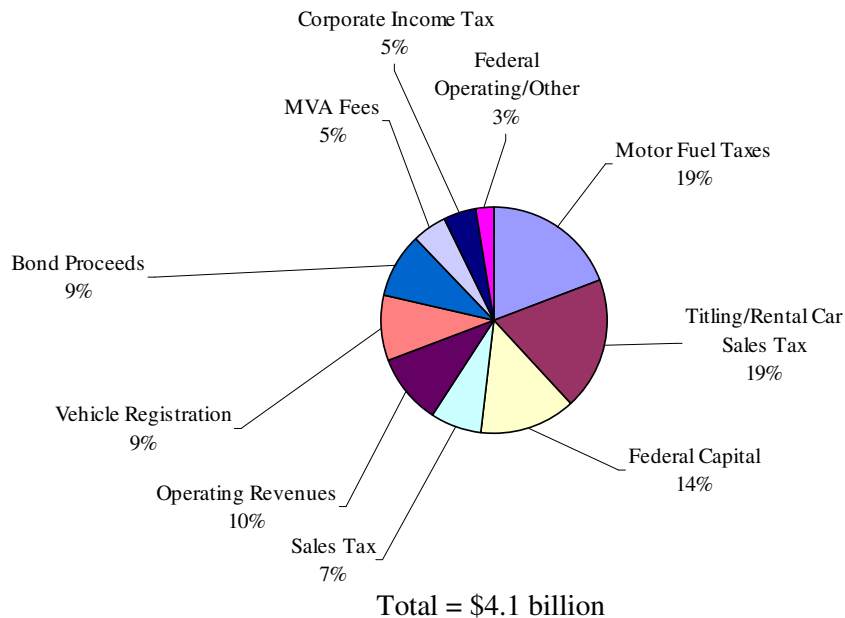
MDOT issues bonds backed by TTF revenues and invests the TTF fund balance to generate investment income. The Maryland Transit Administration, the Motor Vehicle Administration, the Maryland Port Administration, and the Maryland Aviation Administration generate operating revenues that cover a portion of their operating expenditures.

The tax and fee revenues include motor fuel taxes, rental car sales taxes, titling taxes, vehicle registration fees, a portion of the corporate income tax, and other miscellaneous motor vehicle fees. Beginning in fiscal 2009, a portion of the sales tax will also be paid into TTF. A portion of these revenues are credited to the Gasoline and Motor Vehicle Revenue Account. Thirty percent of GMVRA revenues are distributed to local jurisdictions, and the remainder is retained by TTF. The funds retained by TTF support the capital program, debt service, and operating costs.

**Exhibit 1** shows that TTF’s largest revenue sources in fiscal 2009 are the motor fuel and titling taxes and federal aid for the capital program, which represent almost \$2.1 billion, or 52%, of all fund sources. MDOT is projecting that \$370.0 million in bonds will be sold to supplement the transportation capital program in fiscal 2009.

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**Exhibit 1**  
**Transportation Trust Fund**  
**State-sourced Revenues and Federal Funds**  
**Fiscal 2009**



Source: Governor’s Budget Books, Fiscal 2009, Volume I, pages 624-628

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Legislation transferring TTF revenues to the general fund has been enacted multiple times as illustrated by **Exhibit 2**.

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**Exhibit 2**  
**TTF Transfers to the General Fund**

<u>Fiscal Year</u>	<u>Amount Transferred</u> <u>(millions)</u>
1984	\$29.0 <sup>1</sup>
1986	\$100.0 <sup>1</sup>
1988	\$31.0
1991	\$22.2
1992	\$48.0
1993	\$18.1
1994	\$1.3
1995	\$6.5
2003	\$160.0 <sup>2</sup>
2004	\$154.9 <sup>2</sup>

<sup>1</sup>Repaid by general fund per statute.

<sup>2</sup>Per statute, \$50 million repaid to TTF and \$264.9 million being paid to the Maryland Transportation Authority to support the ICC project.

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Most of the transfers were executed to close projected budget shortfalls. Other transfers include efforts to mitigate the savings and loan crisis (1992) and Medevac helicopters (1988, 1995). There have also been transfers from the general fund to TTF; some of those transfers were executed to repay TTF, as noted above.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - March 16, 2008  
ncs/lgc

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Analysis by: Robert J. Rehrmann

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510