

**Department of Legislative Services**  
 Maryland General Assembly  
 2009 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 572

(Chair, Environmental Matters Committee)(By Request -  
 Departmental - Transportation)

Environmental Matters

Budget and Taxation

**Washington Metropolitan Area Transit Authority - Finance and Governance**

This departmental bill amends the Washington Metropolitan Area Transit Authority (WMATA) Compact to add two federally appointed, voting board members; require an Office of the Inspector General at WMATA; and require Virginia, Maryland, and the District of Columbia to make payments from a dedicated funding source to match up to \$1.5 billion in federal funds for WMATA capital and preventive maintenance projects. The bill designates the Transportation Trust Fund (TTF) as Maryland’s dedicated funding source for matching specified federal funds.

The bill takes effect July 1, 2009, subject to similar laws being passed by Virginia, the District of Columbia, and the federal government, and a proclamation being declared.

**Fiscal Summary**

**State Effect:** This bill is consistent with the FY 2011-2014 projections in the Maryland Department of Transportation’s (MDOT) Consolidated Transportation Plan (CTP) for FY 2009-2014. However, since funds are mandated beyond FY 2014, adjustments are required to the CTP in future years. **This bill establishes a mandated appropriation.**

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Net Effect	(\$50,000,000)	(\$50,000,000)	(\$50,000,000)	(\$50,000,000)	(\$50,000,000)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** MDOT has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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## Analysis

**Bill Summary:** The Administrator of General Services is required to identify four new members of the WMATA board of directors to represent the federal government: two voting members and two nonvoting members to serve as alternates. One of the voting federal board members must be a regular passenger and customer of WMATA's bus or rail service.

The Office of the Inspector General within WMATA is required to:

- conduct and supervise audits, program evaluations, and investigations;
- promote economy, efficiency, and effectiveness;
- detect and prevent fraud and abuse; and
- keep the board of directors informed about deficiencies and corrective actions.

If the bill is enacted, Virginia and the District of Columbia are requested to concur and enact similar legislation with respect to the language in the WMATA Compact. The Department of Legislative Services is required to notify Virginia and the District of Columbia if the bill is enacted. If Maryland, Virginia, the District of Columbia, and the federal government all concur, the State is required to issue a proclamation declaring the law effective.

**Current Law:** WMATA was created by interstate compact of the State of Maryland, the Commonwealth of Virginia, and the District of Columbia with the consent of the U.S. Congress. Maryland ratified the Washington Metropolitan Area Transit Regulation Compact in 1965 (Chapter 869 of 1965). WMATA was created to plan, finance, develop, and operate a balanced regional transportation system for the national capital area. WMATA also maintains a regular police force to protect patrons, personnel, and property.

WMATA is governed by a six-member board of directors (and six alternate directors). Each signatory jurisdiction appoints two members to the board, and board members and alternates serve terms coterminous with their service as members of their appointing bodies.

**Background:** WMATA operates the second largest rail transit system and the fifth largest bus network in the United States. Construction of WMATA's 103-mile Metrorail system began in 1969 and was completed in 2001; the system now serves 26 stations in Maryland.

In October 2008, the U.S. Congress passed Public Law 110-432 authorizing up to \$1.5 billion in federal funds for WMATA capital and preventive maintenance improvements over 10 years, beginning in fiscal 2009. However, this federal law was made contingent upon the passage of amendments to the WMATA Compact by Maryland, Virginia, and the District of Columbia prior to distribution of federal funds. The amendments require federal representation on the WMATA board of directors, creation of an Office of the Inspector General, and identification of local, dedicated funding sources to match federal funds.

The District of Columbia passed emergency legislation (B18-11), which expires May 24, 2009, in early February amending the WMATA Compact. B18-11 makes many of the amendments required by Public Law 110-432; however, it limits the participation of the federally appointed board members and alternates to those federal fiscal years in which at least \$150.0 million in federal funds is provided. In Virginia, similar bills have been adopted by the General Assembly amending the compact in accordance with Public Law 110-432. Virginia SB 1511 is similar to Maryland HB 572 and SB 915. Virginia HB 2596 is similar to Maryland HB 1190. Virginia Governor Tim Kaine signed Virginia SB 1511 on March 30, 2009, without any changes and it is now Chapter 771 of 2009. Governor Kaine offered amendments to Virginia HB 2596 on March 30, 2009, and the Virginia General Assembly is expected to act on these amendments when it reconvenes on April 8, 2009.

**State Fiscal Effect:** MDOT's CTP for fiscal 2009 – 2014 includes \$50.0 million in TTF monies annually, beginning in fiscal 2011, for the State's required match to federal funds for WMATA capital and preventive maintenance improvements. However, since the federal funding agreement may last 10 years, adjustments must be made to the CTP in future years to reflect this matching fund requirement. In addition, although unlikely, a funding adjustment may be necessary in fiscal 2010. To the extent the bill increases TTF expenditures beyond the capacity of available resources, there is greater competition among TTF-funded programs for limited funds.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 915 (Senator Forehand, *et al.*) - Budget and Taxation.

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

**Fiscal Note History:** First Reader - March 2, 2009  
ncs/ljm Revised - Updated Information - March 12, 2009  
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Washington Metropolitan Area Transit Authority-Finance and Governance

BILL NUMBER: HB 572

PREPARED BY: Maryland Department of Transportation

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.