

Department of Legislative Services  
 Maryland General Assembly  
 2009 Session

FISCAL AND POLICY NOTE  
 Revised

House Bill 922  
 Ways and Means

(Delegate Rudolph, *et al.*)

Budget and Taxation

Maryland Transportation Authority - Fixing or Revising Tolls and Fees - Notice  
 and Public Comment

This bill prohibits the Maryland Transportation Authority (MDTA) from voting to implement a proposal to fix or revise tolls, fees, or other charges on any part of any transportation facilities project until 60 days after submitting specified information and completing a 60-day public comment period. The public comment period must commence on the day specified information is published in the *Maryland Register*. During each public comment period, hearings must be held at or near the affected transportation facilities projects, scheduled on at least one evening, and provide opportunity for submission of oral and written testimony from the public. The bill broadens an existing reporting requirement to include information about annual revenues generated by fees and other charges.

The bill takes effect July 1, 2009.

Fiscal Summary

**State Effect:** Nonbudgeted expenditures increase by \$60,000 in FY 2010 to implement the public comment process required under the bill. Future year estimates reflect inflation and the estimated timing of future fee increase proposals. Revenues are not affected.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
NonBud Exp.	60,000	0	81,600	0	83,200
Net Effect	(\$60,000)	\$0	(\$81,600)	\$0	(\$83,200)

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

**Local Effect:** None.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** Since 1971, MDTA has been responsible for constructing, managing, operating, and improving the State's toll facilities and for financing new revenue-producing transportation projects. MDTA is governed by nine individuals appointed by the Governor, with the advice and consent of the State Senate. The Secretary of Transportation serves as MDTA's chairman. MDTA transportation facilities projects include:

- bridges (*e.g.*, Susquehanna River Bridge; Harry W. Nice Memorial Potomac River Bridge; William Preston Lane, Jr. Memorial Chesapeake Bay Bridge and parallel Chesapeake Bay Bridge; Baltimore Harbor Tunnel; Fort McHenry Tunnel; Francis Scott Key Bridge; and John F. Kennedy Memorial Highway);
- vehicle parking facilities located in priority funding areas;
- other projects that MDTA authorizes to be acquired or constructed; and
- any authorized additions or improvements to MDTA projects.

MDTA has the authority to set tolls on transportation facility projects under its supervision. Tolls must provide funds that, when combined with bond proceeds and other available revenues, are sufficient to pay maintenance, repair, and operating costs for transportation facility projects that are not otherwise paid for; pay the interest and principal of any outstanding bond issues; create reasonable reserves for these purposes; and provide funds for the cost of replacements, renewals, and improvements. Toll revenues are deposited into the Transportation Authority Fund, which is wholly separate from the Transportation Trust Fund.

Prior to fixing or revising tolls on any part of any transportation facilities project, MDTA must provide the Senate Budget and Taxation Committee, Senate Finance Committee, House Appropriations Committee, and House Ways and Means Committee information on the proposed toll charges, including the annual revenues generated by the toll charges; the proposed use of the revenues; and the proposed commuter discount rates.

**Background:** Toll revenues are used by MDTA to meet its payment obligations to the bond holders. MDTA currently has an Aa3 rating from Moody's Investor Service,

AA- from Standard & Poors, and AA- from Fitch Ratings. These ratings are among the highest granted for tolling authorities. If toll revenues slip below expectations and tolls are not sufficient to meet the standards included in the trust agreement, MDTA increases tolls to avoid defaulting on the trust agreement to the bondholders and to sustain its bond ratings.

Credit rating agencies cite a toll entity's independent ability to set toll rates, free of political consideration or approval from an outside source, as a key factor in achieving an optional credit rating.

The most recent sets of MDTA toll increases occurred in 2003 and 2001. In November 2003, MDTA increased toll rates at Millard E. Tydings Memorial Bridge and Baltimore Harbor Crossings. In November 2001, MDTA increased toll rates at Thomas J. Hatem Memorial Bridge, Millard E. Tydings Memorial Bridge, and Harry W. Nice Bridge.

**State Fiscal Effect:** This estimate assumes one public comment period is required each year in fiscal 2010, 2012, and 2014. This estimate also assumes four hearings are implemented per public comment period, at a cost of \$20,000 per hearing for contractual services. The contractual services include posting public notice, recording and transcript services, printing and material costs, and review and summarization of comments submitted. This estimate assumes review of a significant number of public comments; over 3,000 public comments were submitted on the last MDTA toll increase proposal. This estimate does not include MDTA staff time spent on oversight and coordination.

Nonbudgeted expenditures increase by \$60,000 in fiscal 2010, which accounts for the bill's October 1, 2009 effective date. Future year expenditures are adjusted to reflect inflation and one public comment period occurring each year in fiscal 2012 and 2014.

The Maryland Department of Transportation (MDOT) advised each public hearing required \$30,000 to \$50,000 in contractual service expenditures. However, previously MDOT advised that the Maryland Transit Administration required \$11,261 in contractual expenditures for a public hearing. Therefore, while this public hearing cost estimate reflects an increase for significant additional comment review responsibility, it is less than the minimum amount MDOT estimated.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 25, 2009  
ncs/ljm Revised - House Third Reader - April 2, 2009

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