

SB 894

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 894 (Senator Mooney)
Budget and Taxation

Transportation Trust Fund Protection Act

This bill prohibits the transfer of money in the Transportation Trust Fund (TTF) to the general fund unless the Governor declares the transfer necessary due to extraordinary financial conditions and 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, 2009.

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 increase in order to repay TTF within the five-year time limit.

Local Effect: Local government finances are not directly affected by the bill.

Small Business Effect: None.

Analysis

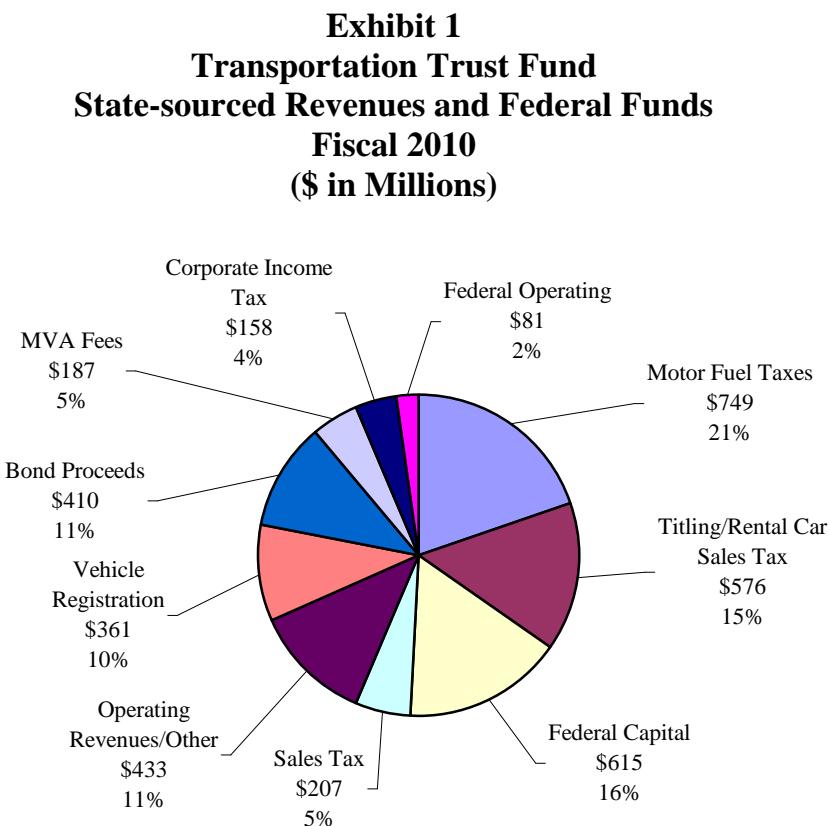
Current Law: After meeting debt service obligations, the Maryland Department of Transportation (MDOT) may use funds in TTF for any lawful purpose related to the exercise of its rights, powers, duties, and obligations. No part of TTF may revert or be credited to the general fund.

Background: TTF is a nonlapsing special fund that provides dedicated 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, Motor Vehicle Administration, Maryland Port Administration, and Maryland Aviation Administration generate operating revenues that cover a portion of their operating expenditures.

The specific tax and fee revenues allocated to TTF include motor fuel taxes, rental car sales taxes, titling taxes, vehicle registration fees, a portion of the sales and corporate income taxes, and other miscellaneous motor vehicle fees. A portion of these revenues is credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA). Then, 30% of GMVRA revenues is distributed to local jurisdictions and the remainder is retained by TTF for MDOT's capital program, debt service, and operating costs.

Exhibit 1 shows that TTF's largest revenue sources in fiscal 2010 are the motor fuel and titling taxes and federal aid for the capital program, which represent almost \$1.9 billion (52%) of all fund sources. MDOT projects that \$410 million in bonds will be sold to supplement the transportation capital program in fiscal 2010.



MVA: Motor Vehicle Administration

Source: Governor's Budget Books, Fiscal 2010, Volume I, pages 620-624

Legislation transferring TTF revenues to the general fund has been enacted multiple times as illustrated in **Exhibit 2**. Most of the transfers were executed to close projected budget shortfalls. Other transfers included efforts to mitigate the savings and loan crisis (1992) and Medevac helicopters (1988, 1995). Funds have been transferred from the general fund to TTF as well; some of these transfers were executed to repay TTF, as noted below.

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

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

¹Repaid by general fund per statute.

²Per statute, \$50 million repaid to TTF and \$264.9 million being paid to the Maryland Transportation Authority to support the InterCounty Connector project.

Additional Information

Prior Introductions: Identical legislation was introduced as HB 1128 of 2008. The Appropriations Committee held a hearing on the bill, but no further action was taken.

Cross File: HB 140 (Delegate Krebs, *et al.*) - Appropriations.

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

Fiscal Note History: First Reader - February 20, 2009
ncs/ljm

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