

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 175 (Senator McFadden)
Budget and Taxation

Baltimore City - Highway User Revenues - Authorized Use

This bill extends the period during which highway user revenues distributed to Baltimore City may be used to pay students' costs of discounted Maryland Transit Administration (MTA) fares for eligible public school students. Currently, the city may use the funds for this purpose through fiscal 2010. The bill extends the period through fiscal 2013.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: None. Special fund revenues from MTA fares continue at approximately the current level from FY 2011 through 2013.

Local Effect: Baltimore City will continue to use approximately \$3.5 million per year of highway user revenues to subsidize student transportation costs.

Small Business Effect: None.

Analysis

Current Law: Baltimore City may use local highway user revenues to pay students' costs of discounted MTA fares for eligible public school students in Baltimore City.

Background: Baltimore City began using highway user revenue in 1987 (authorized in Chapter 291 of 1987) to cover the costs of discounted MTA fares for school children. The initial provision was for fiscal 1988 only; however, the General Assembly has repeatedly extended the termination date. Chapter 319 of 1988 extended the provision

through fiscal 1990. Chapter 470 of 1990 extended the provision through fiscal 1992, while Chapter 215 of 1992 extended the provision through fiscal 1997. Chapter 628 of 1997 extended the provision through fiscal 2002, while Chapter 386 of 2001 extended the provision through fiscal 2006. Chapter 513 of 2006 extended the provision through fiscal 2010.

Statewide, approximately 73% of public school students receive transportation services from their local school system through traditional yellow school buses. In Baltimore City, however, school buses are only used to transport disabled children and elementary school children who live too far from the school to walk. According to the Maryland State Department of Education, approximately 33.5% of school children in Baltimore City are transported on traditional yellow school buses.

In Baltimore City, middle and high school children either have to walk to school or use MTA transit services. Students who are more than 1.5 miles from school are eligible for tickets paid by the school system. Each month the Baltimore City Public School System provides a ticket book to eligible students, at no charge to the student. According to Baltimore City, more than 33,700 students are eligible to receive ticket books, but only approximately 20,000 students per day actually utilize MTA services. Students who live closer than 1.5 miles from school are not eligible for the free tickets but are eligible for a reduced fare. According to MTA, the reduced fare is \$1.10 each time a student boards an MTA bus; the normal base fare is \$1.60.

State Fiscal Effect: MTA collected approximately \$4.7 million from Baltimore City in fiscal 2009 for transporting students to and from school. Extending the period during which Baltimore City may use highway user revenues for this purpose will generate approximately this same amount from fiscal 2011 through 2013.

If highway user revenues are not authorized to subsidize MTA fares, the Baltimore City Public School System will be required to find alternative forms of transportation for students, as Baltimore City will not replace the highway user revenue. This would cause MTA revenues to fall by approximately \$4.7 million.

Local Effect: The Governor's proposed fiscal 2011 budget includes \$130.9 million in local highway user revenues for Baltimore City, which reflects actions proposed in the Budget Reconciliation and Financing Act of 2010 (Senate Bill 141/House Bill 151). Baltimore City uses approximately \$3.5 million per year in highway user revenues to subsidize the cost of MTA fares for students. Baltimore City will continue to do so if the provision is extended; as such, there is no fiscal effect. The city indicates that it does not intend to replace the highway user revenue money if the sunset extension is not passed; the Baltimore City Public School System would be expected to replace the funding or find alternate methods of transporting its students.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, Maryland State Department of Education, Maryland Department of Transportation, Department of Legislative Services

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