

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 693 (Senator Pipkin, *et al.*)
 Finance and Budget and Taxation

**Task Force to Study Toll Rates and the Funding of Transportation Facilities
 Projects**

This bill establishes a Task Force to Study Toll Rates and the Funding of Transportation Facilities Projects staffed by the Maryland Transportation Authority (MDTA). A report of the task force’s findings and recommendations must be provided to the Governor and the General Assembly by December 31, 2012.

The bill takes effect July 1, 2012, and terminates June 30, 2013.

Fiscal Summary

State Effect: Given the State’s fiscal difficulties, agency budgets have been constrained. Thus, the requirement to staff the task force and develop the report is not absorbable within the existing budgeted resources of MDTA. Instead, nonbudgeted expenditures increase by \$200,000 in FY 2013 for contractual costs. Revenues are not affected.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues	\$0	\$0	\$0	\$0	\$0
NonBud Exp.	200,000	0	0	0	0
Net Effect	(\$200,000)	\$0	\$0	\$0	\$0

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

Local Effect: The bill does not materially affect local operations or finances.

Small Business Effect: None.

Analysis

Bill Summary: The task force must (1) examine the toll rates for each MDTA toll facility and the use of revenues from each facility, including whether toll rates are appropriate and fair and whether revenues from each transportation facility are being used in a specified manner; (2) examine MDTA's financial program, including its debt capacity, bond ratings, cost of borrowing, and toll revenue projections; (3) analyze, based on revenue projections from current toll revenues, MDTA's ability to operate, maintain, improve, and protect existing facilities, and the extent to which MDTA is able to undertake new transportation facilities projects; (4) analyze whether MDTA is meeting timelines and cost targets for projects underway; (5) analyze future system preservation needs and the ability to fund such projects; (6) consider the pros and cons of establishing tolls on MDTA roadways; (7) examine entering into reciprocity agreements with other states for the purpose of collecting unpaid tolls from out-of-state users; and (8) review MDTA's operating structure.

The analysis of toll rates and revenue use must include a comparison to other comparable transportation facilities in the region and a review of toll revenue use practices by other entities that operate comparable transportation facilities.

The bill authorizes an independent consultant to be hired to assist and advise the task force if necessary. Task force members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

Current Law/Background: 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 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);
- the InterCounty Connector roadway;
- 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 facilities 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 facilities 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.

State Expenditures: Nonbudgeted expenditures increase by \$200,000 in fiscal 2013 for contractual costs associated with contributing to meetings, completing research, and developing recommendations within a short period of time. This estimate is based on contractual costs the Maryland Department of Transportation incurred in fiscal 2011 and 2012 for the Blue Ribbon Commission on Maryland Transportation Funding.

This estimate assumes that MDTA redirects resources from other projects so it may absorb (1) a potentially significant amount of staff time associated with coordinating the task force, holding meetings, and contributing to the report; and (2) reimbursements for the task force members.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 21, 2012
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