

# SENATE BILL 1035

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CF HB 891

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By: **Senators Madaleno, Conway, Currie, Feldman, Ferguson, Gladden, Kagan, King, Lee, Manno, McFadden, Muse, Nathan–Pulliam, Peters, Pinsky, Pugh, Ramirez, Raskin, Rosapepe, and Zucker**

Introduced and read first time: February 17, 2016

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Transportation – Transit Service – State Grants and Farebox Recovery Rate**

3 FOR the purpose of repealing the requirement that a certain percentage of operating costs  
4 for certain public transit services must be recovered by the Maryland Transit  
5 Administration from certain revenues; altering requirements for certain annual  
6 reports submitted by the Administration to certain committees of the General  
7 Assembly; repealing the requirement that the Administration increase a certain base  
8 fare on a biennial basis; repealing the requirement that the Administration increase  
9 certain fares for transit service under certain circumstances; altering a provision of  
10 law concerning the amount of a certain grant that the Department of Transportation  
11 is required to provide to the Washington Suburban Transit District for a share of the  
12 operating deficits of the regional transit system for which the District is responsible;  
13 altering certain definitions; altering provisions of law concerning certain annual  
14 grants by the State to Prince George’s County and Montgomery County for eligible  
15 local bus service; repealing certain provisions of law that imposed certain limitations  
16 on the amount of the grants that the Department of Transportation is required to  
17 provide for certain eligible local bus service in Prince George’s County and  
18 Montgomery County; and generally relating to State grants for certain local bus  
19 service and requirements for recovery of certain operating costs of certain public  
20 transit services from certain revenues.

21 BY repealing and reenacting, with amendments,  
22 Article – Transportation  
23 Section 7–208, 10–205, and 10–207  
24 Annotated Code of Maryland  
25 (2015 Replacement Volume and 2015 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
27 That the Laws of Maryland read as follows:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



**Article – Transportation**

1

2 7–208.

3 (a) Subject to the authority of the Secretary and, where applicable, the Maryland  
4 Transportation Authority, the Administration has jurisdiction:

5 (1) Consistent with the provisions of Division II of the State Finance and  
6 Procurement Article, for planning, developing, constructing, acquiring, financing, and  
7 operating the transit facilities authorized by this title; and

8 (2) Over the services performed by and the rentals, rates, fees, fares, and  
9 other charges imposed for the services performed by transit facilities owned or controlled  
10 by the Administration.

11 (b) [(1) For fiscal year 2009 and each fiscal year thereafter, the Administration  
12 shall separately recover from fares and other operating revenues at least 35 percent of the  
13 total operating costs for:

14 (i) The Administration’s bus, light rail, and Metro subway services  
15 in the Baltimore region; and

16 (ii) All passenger railroad services under the Administration’s  
17 control.

18 (2)] The Administration shall submit, in accordance with § 2–1246 of the  
19 State Government Article, an annual report to the Senate Budget and Taxation Committee,  
20 House Ways and Means Committee, and House Appropriations Committee by December 1  
21 of each year that includes:

22 [(i)] (1) Separate farebox recovery ratios for the prior fiscal year  
23 for:

24 [1.] (I) Bus, light rail, and Metro subway services provided  
25 by the Administration in the Baltimore region;

26 [2.] (II) Commuter bus service provided under contract to  
27 the Administration in the Baltimore region; and

28 [3.] (III) Maryland Area Rail Commuter (MARC) service  
29 provided under contract to the Administration; AND

30 [(ii)] (2) [A discussion of the success or failure to achieve the  
31 farebox recovery requirement established in paragraph (1) of this subsection;

1 (iii) Comparisons of farebox recovery ratios for the Administration's  
2 mass transit services and other similar transit systems nationwide]; and

3 (iv) The estimated fare prices necessary to achieve the farebox  
4 recovery requirement established in paragraph (1) of this subsection for the next fiscal  
5 year].

6 (b-1) [Subject to § 7-506 of this title, the Administration:

7 (1) Subject to paragraphs (2), (3), (4), (5), and (6) of this subsection, shall  
8 set the fare prices and collect other operating revenues in an amount sufficient to achieve  
9 the farebox recovery requirement established in subsection (b) of this section;

10 (2) Beginning in fiscal year 2015, shall:

11 (i) On a biennial basis, increase base fare prices and the cost of  
12 multiuse passes to the nearest 10 cents for all transit services except those services listed  
13 in subparagraph (ii) of this paragraph by the same percentage as the biennial increase in  
14 the Consumer Price Index for all urban consumers, as determined from January 1, 2012,  
15 to December 31, 2013, and each subsequent 2-year period for which the amount is being  
16 calculated;

17 (ii) Every 5 years, increase one-way zone fare prices and the cost of  
18 multiuse passes to the nearest dollar for commuter rail and commuter bus service by:

19 1. At least the same percentage as the 5-year increase in the  
20 Consumer Price Index for all urban consumers, as determined from January 1, 2009, to  
21 December 31, 2013, and each subsequent 5-year period for which the amount is being  
22 calculated; and

23 2. Any additional amount the Administration determines is  
24 necessary after considering factors affecting commuting costs applicable to the jurisdictions  
25 in which the Administration provides commuter service, including:

26 A. Monthly parking fees;

27 B. The retail price per gallon of motor fuel;

28 C. The amount of any monthly federal commuting subsidy;

29 D. Fare prices for intercity rail service; and

30 E. Any other relevant commuting costs; and

1           (3) May] **THE ADMINISTRATION MAY** not reduce the level of services  
2 provided by the Administration for the purpose of achieving [the] **A SPECIFIC** farebox  
3 recovery requirement[;

4           (4) May not increase fares for all transit services except those services  
5 listed in paragraph (2)(ii) of this subsection by more than the amount required under  
6 paragraph (2)(i) of this subsection;

7           (5) May not increase fares under paragraph (2)(i) and (ii)1 of this  
8 subsection if there is a decline or no growth in the Consumer Price Index; and

9           (6) Shall include the amount of any increase in fares that would have  
10 occurred previously in the absence of rounding to the nearest 10 cents or nearest dollar  
11 when calculating fare increases for subsequent periods under paragraph (2)(i) and (ii)1 of  
12 this subsection].

13           [(b-2) An increase in the Administration's fare prices by the minimum amount  
14 required under subsection (b-1) of this section is not subject to the requirements of § 7-506  
15 of this title.]

16           (c) (1) For fiscal year 2009 and each fiscal year thereafter, the Administration  
17 shall implement performance indicators to track service efficiency for the Administration's  
18 mass transit services, including:

19                   (i) Operating expenses per revenue vehicle mile;

20                   (ii) Operating expenses per passenger trip; and

21                   (iii) Passenger trips per revenue vehicle mile.

22           (2) The Administration shall submit, in accordance with § 2-1246 of the  
23 State Government Article, an annual performance report to the Senate Budget and  
24 Taxation Committee, House Ways and Means Committee, and House Appropriations  
25 Committee by December 1 of each year on:

26                   (i) The status of the performance indicators listed in paragraph (1)  
27 of this subsection for the prior fiscal year, including a discussion of the failure or success in  
28 meeting the goals established for the prior fiscal year by the Administration;

29                   (ii) The status of managing-for-results goals of the Administration  
30 as they pertain to mass transit service in the Baltimore area;

31                   (iii) Comparisons of performance indicators for the Administration's  
32 mass transit services and other similar systems nationwide; and

1 (iv) The Administration's goals for each of the measures in  
2 paragraph (1) of this subsection for the next fiscal year.

3 (d) (1) The Administration shall provide for an independent management  
4 audit of the operational costs and revenues of the Administration's mass transit services  
5 every 4 years.

6 (2) The audit shall provide data on fares, cost containment measures,  
7 comparisons with other similar mass transit systems, and other information necessary in  
8 evaluating the operations of the Administration's mass transit system.

9 (3) The findings from the audit shall be used as a benchmark for the annual  
10 performance reports.

11 (e) The determinations of the Secretary, Administration, or Maryland  
12 Transportation Authority as to the type of service performed or the rentals, rates, fees,  
13 fares, and other charges imposed are not subject to judicial review or to the processes of  
14 any court.

15 (f) Notwithstanding any other provision of this title or the Public Utilities Article,  
16 the Public Service Commission does not have any jurisdiction over transit facilities owned  
17 or controlled by the Administration or over any contractor operating these facilities.

18 (g) Except as provided in this title, the Administration does not have any  
19 jurisdiction over transportation in the District by private carriers.

20 10-205.

21 (a) In accordance with and subject to the principle that, if there is substantial  
22 State financial support for the planned rapid rail mass transit system in one metropolitan  
23 area of this State, there should be substantial State financial support for the planned rapid  
24 rail mass transit system in the other metropolitan area of this State, and subject to the  
25 appropriation requirements and budgetary provisions of § 3-216(d) of this article, the  
26 Department shall provide for grants to the Washington Suburban Transit District in an  
27 amount equal to the current expenditures required of the Washington Suburban Transit  
28 District in accordance with capital contributions agreements between the Washington  
29 Metropolitan Area Transit Authority, the Washington Suburban Transit District, and other  
30 participating jurisdictions. The Washington Suburban Transit District shall consult with  
31 the Secretary of Transportation prior to the execution of any capital contributions  
32 agreement. Expenditures required of the Washington Suburban Transit District for  
33 projects and programs not included in the "Adopted Regional System - 1968" revised as of  
34 January 1, 1992, are only eligible for State funding in accordance with subsection (f) of this  
35 section.

36 (b) (1) Subject to the appropriation requirements and budgetary provisions of  
37 § 3-216(d) of this article and upon receipt of an approval of a grant application in such form  
38 and detail as the Secretary shall reasonably require, the Department shall provide for

1 annual grants to the Washington Suburban Transit District for a share of the operating  
2 deficits of the regional transit system for which the District is responsible. “Operating  
3 deficit” means operating costs less:

4 (i) [The greater of operating] **OPERATING** revenues [or 50 percent  
5 of the operating costs]; and

6 (ii) All federal operating assistance.

7 (2) The Department’s share shall equal 100 percent of the operating deficit.

8 (c) Subject to the appropriation requirements and budgetary provision of §  
9 3–216(d) of this article, the Department shall provide for grants to the Washington  
10 Suburban Transit District in an amount equal to 75 percent of the net debt service assigned  
11 to the Washington Suburban Transit District on bonds issued by the Washington  
12 Metropolitan Area Transit Authority. In no event shall the amount of net debt service,  
13 including the refinancing of any debt, required of the Washington Suburban Transit  
14 District exceed the amount presently assigned on a year by year basis to the Washington  
15 Suburban Transit District, and payable through the year 2014. Nothing in this article shall  
16 preclude the use of bond proceeds for capital improvements and replacements of the  
17 “Adopted Regional System – 1968” revised as of January 1, 1992.

18 (d) (1) In accordance with and subject to the principle that, if there is  
19 substantial State financial support for rapid rail and bus transit capital replacement costs  
20 in one metropolitan area of this State, there should be substantial State financial support  
21 for the costs of similar needs in the other metropolitan area of this State, and in recognition  
22 of the fact that timely replacement of capital facilities and equipment is essential to safe  
23 and reliable transit service, the Department shall provide grants to fully fund the  
24 Washington Suburban Transit District’s share of the Washington Metropolitan Area  
25 Transit Authority’s capital equipment replacement programs.

26 (2) The grants under this subsection:

27 (i) Shall be made subject to the appropriation and budgetary  
28 provisions of § 3–216(d) of this article;

29 (ii) Shall be included in the State budget beginning in fiscal year  
30 2000;

31 (iii) Notwithstanding any other provision of law, may be funded with  
32 revenues derived from:

33 1. Any State–enacted transportation fees or taxes; or

34 2. Federal transportation grants available to the State to  
35 fund transit capital equipment replacement; and

1 (iv) Shall be contingent on the receipt of a request by the District to  
2 the Department, based on annual capital improvements programs adopted by the  
3 Washington Metropolitan Area Transit Authority.

4 (e) Subject to the appropriation requirements and budgetary provisions of §  
5 3–216(d) of this article, the Department shall provide grants from amounts derived from  
6 the Transportation Trust Fund to the Washington Suburban Transit District for the  
7 purpose of funding Maryland’s required share of local funds for the Washington  
8 Metropolitan Area Transit Authority to match any federal funds appropriated in any given  
9 year authorized under Title VI, § 601, P.L. 110–432.

10 (f) A grant by the Department to the Washington Suburban Transit District in  
11 excess of the provisions of subsection (a) of this section may be made only after approval by  
12 the Secretary.

13 10–207.

14 (a) (1) In this section the following words have the meanings indicated.

15 (2) “Costs” means operating costs of eligible local bus service, plus  
16 operating costs under § 10–205 of this subtitle.

17 (3) “Eligible local bus service”[:

18 (i) Means the number of annual platform miles and annual platform  
19 hours of fixed route, scheduled local bus service, that previously replaced comparable  
20 service operated by the Washington Metropolitan Area Transit Authority, plus the number  
21 of annual platform miles and annual platform hours of any new fixed route, scheduled local  
22 bus service added after June 30, 1989; and

23 (ii) Is limited to] **MEANS** service operated by or on behalf of and in  
24 Montgomery County or Prince George’s County.

25 (4) “Service deficit” means costs less:

26 (i) [The greater of:

27 1.] Revenues collected under this section [and § 10–205(b) of  
28 this subtitle; or

29 2. 35 percent of the costs]; and

30 (ii) All federal operating assistance.

31 (b) [(1) Subject to the appropriation requirements and budgetary provisions of  
32 § 3–216 of this article and upon receipt of an approval of a grant application in the form or

1 detail as the Secretary shall reasonably require, the Department] **THE GOVERNOR** shall  
2 provide for annual grants to Prince George's County and Montgomery County for eligible  
3 local bus service as defined in this section. The amount of these grants shall be equal to[:

4 (i) 100 percent of the] **THE** service deficit attributable to each  
5 county[; less

6 (ii) Each county's share of the Department's annual grant to the  
7 Washington Suburban Transit District as determined under § 10-205(b) of this subtitle].

8 [(2) Notwithstanding the provisions of this section, the Secretary may  
9 authorize payments to Prince George's County and Montgomery County:

10 (i) To subsidize new bus service for a period of 36 months from the  
11 initiation of service; and

12 (ii) For the loss of revenues from fare modifications for a period of 36  
13 months from the date of the modification.]

14 (c) [The Department's grant for any eligible local bus service may not be greater  
15 than the operating grant that the Department would incur from the same bus service if  
16 operated by the Washington Metropolitan Area Transit Authority. This requirement shall  
17 be applied on a line by line basis.

18 (d) Except with the specific approval of the Secretary, notwithstanding the  
19 provisions of § 10-205 of this subtitle, the combined grants for bus service to each county  
20 under this section and § 10-205(b) of this subtitle may not exceed the level of the combined  
21 grants for the prior fiscal year adjusted for inflation by the projected Consumer Price Index  
22 CPI-U for the fiscal year in which the grant under this section is being awarded, using the  
23 actual Consumer Price Index CPI-U at the close of the fiscal year. Adjustments shall be  
24 made to increase or decrease the combined grants in the subsequent fiscal year to reflect  
25 the actual inflation rate.

26 (e] (1) The Department shall provide an annual capital grant to Prince  
27 George's County and Montgomery County for the purchase of buses to be used in eligible  
28 local bus service.

29 (2) Grants provided under paragraph (1) of this subsection shall be in  
30 addition to any federal funds received by the State for bus services operated by Prince  
31 George's County and Montgomery County.

32 [(f) (D) (1) For fiscal year 2001 and thereafter, Prince George's County and  
33 Montgomery County shall implement performance indicators, in addition to the farebox  
34 recovery indicator, to track service efficiency for mass transit in their respective  
35 jurisdictions, including:

- 1 (i) Operating expenses per vehicle mile;
- 2 (ii) Operating expenses per passenger trip; and
- 3 (iii) Passenger trips per vehicle mile.

4 (2) The counties shall submit an annual performance report to the Senate  
5 Budget and Taxation Committee, House Ways and Means Committee, and House  
6 Appropriations Committee by December 1 of each year on:

- 7 (i) The status of the performance indicators for the prior fiscal year;
- 8 (ii) The status of any performance goals of their jurisdictions as they  
9 pertain to mass transit service; and
- 10 (iii) Comparisons of performance indicators for mass transit in their  
11 jurisdictions and other similar systems nationwide.

12 ~~[(g)]~~ (E) (1) Prince George's County and Montgomery County shall each  
13 provide for an independent management audit of the operational costs and revenues of  
14 mass transit in their respective jurisdictions every 4 years.

15 (2) The audit shall provide data on fares, cost containment measures,  
16 comparisons with other similar mass transit systems, and other information necessary in  
17 evaluating the operations of their transit systems.

18 (3) The findings from the audit shall be used as a benchmark for the annual  
19 performance reports.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 October 1, 2016.