

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 456 (Prince George's County Delegation)
Environment and Transportation

Prince George's County - State Highways - Toll Facilities
PG 420-19

This bill prohibits a State agency, including the Maryland Transportation Authority (MDTA), from acquiring or constructing any toll road, toll highway, or toll bridge in Prince George's County unless the county authorizes the acquisition or construction by local law. **The bill takes effect June 1, 2019.**

Fiscal Summary

State Effect: To the extent the bill results in a delay or cancellation of transportation projects that otherwise would occur, State operations and finances may be significantly affected.

Local Effect: Prince George's County can approve any toll facility in the manner required by the bill using existing resources. Revenues are not directly affected.

Small Business Effect: Minimal or no direct effect. However, to the extent the bill results in a delay or cancellation of transportation projects that otherwise would occur, small business contractors may be significantly affected.

Analysis

Current Law/Background:

Toll Highways in the State

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 has the authority to set tolls on transportation facilities projects under its supervision. MDTA's transportation facilities projects primarily include bridges, tunnels, and toll highways, such as the Chesapeake Bay Bridge, the Baltimore Harbor Tunnel, and the John F. Kennedy Memorial Highway. There are currently two transportation projects in the planning stage that involve tolls: the third span across the Chesapeake Bay Bridge and the Governor's Traffic Relief Plan.

A State agency, including MDTA, must get the approval of the majority of affected governments to construct a toll road, toll highway, or toll bridge in Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester counties. The bill establishes a similar requirement *solely* for Prince George's County.

Traffic Relief Plan

In September 2017, the Governor announced plans to add four new lanes to I-270, the Capital Beltway (I-495), and the Baltimore-Washington Parkway (MD 295), with the first two projects expected to be completed using public-private partnerships (P3). The combined cost of all three projects is estimated to be \$9 billion, with the I-270 and I-495 projects seeking private developers to design, build, finance, operate, and maintain the new (toll) lanes on both roads. The MD 295 project is not expected to involve a P3 but instead would be carried out by MDTA following the transfer of ownership of the parkway from the U.S. Department of the Interior to the State.

The *Consolidated Transportation Program* for fiscal 2019 through 2024 includes \$129.5 million to continue planning for the new lanes on I-270 and I-495. The Maryland Department of Transportation (MDOT) advises that one of the goals of the I-270 and I-495 project is that there will be no net cost to the State. To that end, MDOT advises that, in time, it will be repaid for these and other project development costs by the P3 partners.

On December 12, 2018, MDOT and MDTA delivered a presolicitation report for the I-495 and I-270 toll lanes that did not include a National Environmental Policy Act (NEPA) study. MDOT advises that the plans for both projects are structured to proceed simultaneously with the environmental and solicitation processes so that any issues identified in the federal approval process can inform the project design. MDOT also

advises that federal regulations allow it to work with a developer prior to approval of the NEPA analysis. On January 17, 2019, the budget committees requested a 15-day extension to complete their review and comment, as allowed under current law. Furthermore, on January 18, 2019, the budget committees requested that MDOT and MDTA withdraw the presolicitation report and resubmit it once the draft environmental impact statement is available.

State Fiscal Effect: The bill's prohibition against the acquisition or construction of any toll facility in Prince George's County without county authorization may directly affect the Governor's Traffic Relief Plan for I-270 and I-495 and could affect future toll facility projects proposed in the county in future years. Any potential impact on the State cannot be reliably estimated at this time because it depends on numerous unknown factors, including (1) how and where toll roads are ultimately established in the county under current law (which has not yet been determined under the Traffic Relief Plan) and (2) whether Prince George's County authorizes any such toll facility.

For example, if, under the bill, Prince George's County authorizes a toll facility that is proposed by the State, the bill has no direct effect on State finances; however, to the extent that the additional authorization needed causes a delay in project development, total project costs could increase. Conversely, if the county does not explicitly authorize a toll facility to be established in the county, the State's plan, as currently proposed, may need to be modified or abandoned, which could have significant fiscal effects.

In addition, MDOT advises that the bill's changes likely add significant risk to private partners participating in P3s in Maryland. The increased risk is likely to lead to less competition and higher costs for any affected project.

Small Business Effect: Although the bill's requirements have minimal or no direct effect on small businesses, to the extent any proposed transportation projects are delayed or cancelled as a result of the bill, any small business contractors involved in the construction of such projects may be meaningfully affected.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation; Prince George's County; Department of Legislative Services

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