

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 319

Finance

(Senator Augustine, *et al.*)

Appropriations

Maryland Transit Administration – State Employees – Free Ridership (Transit Benefit for State Employees)

This bill requires the Maryland Transit Administration (MTA) to offer free transit ridership to all permanent Executive Branch State employees, including employees of units with an independent personnel system. MTA may adopt regulations to implement the ridership program. The bill also requires the Maryland Department of Transportation (MDOT) and the Department of Budget and Management (DBM) to submit a report to specified legislative committees, by January 1, 2020, on the cost and feasibility of expanding the transit ridership program to include other transit services. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease, potentially significantly, beginning in FY 2020 as employees that do not currently receive free ridership use transit services under the bill; however, any such impact cannot be reliably estimated at this time. Consulting costs necessary to complete the bill's required report are minimal and absorbable within existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The free transit ridership services must include all transit vehicles that are part of MTA's (1) light rail transit system; (2) metro subway; (3) local bus service;

(4) commuter bus service in the Baltimore region; and (5) any other systems and services specified by MTA.

The report prepared by MDOT and DBM must include the cost and feasibility of expanding the State employee transit ridership program to include ridership on the Maryland Area Regional Commuter train service and the Washington Metropolitan Area Transit Authority transit services.

Current Law/Background: Currently, employees of the Executive Branch of State government, among others, may ride on MTA local service (Baltimore area bus, Metro subway, and light rail) at no cost. This fringe benefit, which is not authorized in statute, was established by the Executive Branch approximately 18 years ago. A November 2009 MDOT report noted that State employees took approximately 1% of the passenger trips on Baltimore area bus, light rail, and Metro subway service in fiscal 2009. The report further conveyed that, if MTA sold monthly passes to each State employee taking free rides, local service revenues would increase by \$1.45 million or 1.9% annually.

DBM advises that college and university employees do not currently receive the ridership benefit but would under the bill.

State Revenues: In addition to codifying the free ridership benefit for some State employees, the bill expands the ridership benefit to cover many other State employees that do not currently receive free transit service. A preliminary estimate has identified approximately 5,700 employees who are newly eligible for free ridership services under the bill. This total includes full-time employees of various higher education institutions, including the University System of Maryland and the University of Maryland, College Park.

TTF revenues decrease, potentially significantly, as these employees use MTA's transit services for free under the bill. However, due to several unknown factors, a reliable estimate of the total TTF revenue loss cannot be made at this time. Specifically, the exact number of additional employees eligible for free ridership, and how often those employees use MTA's transit services, are unknown. *For illustrative purposes only*, if 5,700 employees use MTA's transit services an average of 50 times per year (paying an average of \$1.80 per trip under current law), TTF revenues decrease by \$513,000 annually as a result of the bill.

Additional Information

Prior Introductions: None.

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Cross File: HB 201 (Delegate Korman, *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 1, 2019
mm/lgc Third Reader - March 15, 2019
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