

# SENATE BILL 24

B1, R2

(3lr0696)

## ENROLLED BILL

— Budget and Taxation/Appropriations —

Introduced by ~~Senator McCray~~ Senators McCray, Bailey, Benson, Corderman, Elfreth, Guzzone, Hettleman, Jackson, Jennings, King, Rosapepe, Salling, and Zucker

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Department of Transportation – ~~Consolidated Transportation Program and~~**  
3 **~~Debt Limit of Grant Anticipation Revenue Vehicle Bonds Financing and~~**  
4 **Commission on Transportation Revenue and Infrastructure Needs**  
5 **(State and Federal Transportation Funding Act)**

6 FOR the purpose of ~~requiring the financial forecast that supports the Consolidated~~  
7 ~~Transportation Program to include a reserve of a certain amount for changes in~~  
8 ~~certain revenue sources; repealing a requirement that the Capital Debt Affordability~~  
9 Committee include certain debt that is secured by future federal aid within its review  
10 of State tax supported debt; altering the calculation of the maximum amount of debt  
11 secured by future federal aid that the Department of Transportation may issue;  
12 providing that the maximum amount of debt that may be issued is calculated as of a  
13 certain date; providing that the proceeds from the issuance of certain debt may be

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics indicate opposite chamber/conference committee amendments.*



1 used only for certain purposes; altering the maximum term of certain bonds that are  
 2 secured by a pledge of future federal aid; repealing the pledge of certain taxes to the  
 3 payment of certain bonds secured by a pledge of federal aid; establishing the  
 4 Maryland Commission on Transportation Revenue and Infrastructure Needs; and  
 5 generally relating to the Consolidated Transportation Program's financial forecast  
 6 and the amount of debt that the Department of Transportation may issue debt issued  
 7 by the Department of Transportation that is secured by future federal aid and  
 8 transportation revenue and infrastructure needs.

9 ~~BY repealing and reenacting, without amendments,~~  
 10 ~~Article – Transportation~~  
 11 ~~Section 2–103.1(b)~~  
 12 ~~Annotated Code of Maryland~~  
 13 ~~(2020 Replacement Volume and 2022 Supplement)~~

14 ~~BY repealing and reenacting, with amendments,~~  
 15 ~~Article – Transportation~~  
 16 ~~Section 2–103.1(m)~~  
 17 ~~Annotated Code of Maryland~~  
 18 ~~(2020 Replacement Volume and 2022 Supplement)~~

19 BY repealing and reenacting, with amendments,  
 20 Article – State Finance and Procurement  
 21 Section 8–104  
 22 Annotated Code of Maryland  
 23 (2021 Replacement Volume and 2022 Supplement)

24 BY repealing and reenacting, with amendments,  
 25 Article – Transportation  
 26 Section 3–601  
 27 Annotated Code of Maryland  
 28 (2020 Replacement Volume and 2022 Supplement)

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

31 **Article – State Finance and Procurement**

32 8–104.

33 (a) In this Part II of this subtitle the following words have the meanings  
 34 indicated.

35 (b) “Committee” means the Capital Debt Affordability Committee.

36 (c) (1) “Tax supported debt” means:

1 (i) State debt; and

2 (ii) other forms of debt, including State agency capital leases  
 3 supported in whole or part by State tax revenues and debt of the Department of  
 4 Transportation, the Maryland Stadium Authority, and other units of State government  
 5 which, in the opinion of the Committee, are supported directly or indirectly by State tax  
 6 revenues.

7 (2) ["Tax supported debt" includes debt issued by the Department of  
 8 Transportation under Title 3, Subtitle 6 of the Transportation Article or by the Maryland  
 9 Transportation Authority under Title 4, Subtitle 3 of the Transportation Article that is  
 10 secured by a pledge of future federal aid from any source.

11 (3) "Tax supported debt" does not include capital leases used to finance  
 12 energy performance contracts entered into under § 12-301 of this article, if, as determined  
 13 by the Committee, energy savings that are guaranteed by the contractor:

14 (i) equal or exceed the capital lease payments on an annual basis;  
 15 and

16 (ii) are monitored in accordance with reporting requirements  
 17 adopted by the Committee.

## 18 Article – Transportation

19 ~~2-103.1.~~

20 ~~(b) The State Report on Transportation consists of the Consolidated~~  
 21 ~~Transportation Program and the Maryland Transportation Plan.~~

22 ~~(m) (1) (i) Subject to § 2-1257 of the State Government Article:~~

23 ~~1. On or before September 1 of each year, the Department~~  
 24 ~~shall submit copies of the proposed Consolidated Transportation Program and the~~  
 25 ~~supporting financial forecast to the General Assembly; and~~

26 ~~2. On submission of the budget bill to the presiding officers~~  
 27 ~~of the General Assembly, the Department shall submit copies of the approved Consolidated~~  
 28 ~~Transportation Program, including the manner in which each major transportation project~~  
 29 ~~was evaluated and ranked under § 2-103.7 of this subtitle, and the supporting financial~~  
 30 ~~forecast to the General Assembly.~~

31 ~~(ii) Notwithstanding § 2-1257(b)(2) of the State Government Article,~~  
 32 ~~the Department shall provide to each member of the General Assembly a copy of the~~  
 33 ~~proposed Consolidated Transportation Program and the approved Consolidated~~  
 34 ~~Transportation Program.~~

~~(2) (i) The financial forecast supporting the Consolidated Transportation Program to be submitted to the General Assembly under paragraph (1) of this subsection shall include the following components:~~

~~1. A schedule of operating expenses for each specific modal administration;~~

~~2. A schedule of revenues, including tax and fee revenues, deductions from revenues for other agencies, Department program and fees, Motor Vehicle Administration cost recovery, deductions for highway user revenues, operating revenues by modal administration, and miscellaneous revenues; and~~

~~3. A summary schedule for the Transportation Trust Fund that includes the opening and closing Fund balance, revenues, transfers, bond sales, bond premiums, any other revenues, expenditures for debt service, operating expenses, amounts available for capital expenses, bond interest rates, bond coverage ratios, total bonds outstanding, federal capital aid, and the total amount for the Transportation Capital Program.~~

~~(ii) The financial forecast shall include [ , for ]:~~

~~1. FOR each of the components specified in subparagraph (i) of this paragraph:~~

~~[1.] A. Actual information for the last full fiscal year; and~~

~~[2.] B. Forecasts of the information for each of the six subsequent fiscal years, including the current fiscal year, the fiscal year for the proposed budget, and the next four subsequent fiscal years; AND~~

~~2. FOR THE SUMMARY OF REVENUES AND RECEIPTS COMPONENT, A LINE ITEM OF \$30,000,000 FOR A RESERVE FOR CHANGES IN REVENUE SOURCES FOR EACH FISCAL YEAR INCLUDED IN THE FINANCIAL FORECAST.~~

~~(iii) 1. For the period beyond the budget request year, the financial forecast:~~

~~A. Shall maximize the use of funds for the capital program;~~

~~B. Except as authorized by law, may not withhold or reserve funds for capital transportation grants to counties or municipal corporations; and~~

~~C. Except as provided in subsubparagraph 2 of this subparagraph, shall increase the operating expenses, net of availability payments paid to public-private partnership concessionaires, each year by at least the 5-year average~~

~~1 annual rate of change in the operating expenses of the Department, ending with the most  
2 recently completed fiscal year.~~

~~3 2. The assumed rate of future operating budget growth  
4 under subparagraph 1C of this subparagraph may not increase or decrease by more  
5 than 0.5 percentage points from the growth rate assumed in the previous forecast.~~

~~6 (iv) The Department shall incorporate in the financial forecast the  
7 most recent estimates by the Board of Revenue Estimates of the revenues from:~~

~~8 1. The corporate income tax and the sales and use tax for  
9 each of the six subsequent years, including the current fiscal year and the fiscal year for  
10 the proposed budget; and~~

~~11 2. Motor fuel taxes and motor vehicle titling taxes for the  
12 current fiscal year and the fiscal year for the proposed budget.~~

13 3-601.

14 (a) In order to utilize to the greatest extent possible the benefits of available  
15 financial resources relating to transportation purposes, including federal grants, loans,  
16 transportation facility revenue sources, and other programs, the Department from time to  
17 time may issue its bonds and otherwise borrow funds, as provided in this subtitle, to finance  
18 the costs of transportation facilities.

19 (b) The Department may apply for any financial assistance in support of projects  
20 deemed appropriate by the Secretary.

21 (c) The Department may undertake the following actions and do all things  
22 necessary and appropriate consistent with such actions to utilize the available resources  
23 specified in subsection (a) of this section:

24 (1) Pledge and use existing and anticipated federal funds paid to or  
25 expected to be paid to the Department for transportation purposes for the payment of the  
26 principal of and interest on the Department's bonds or other debt obligations issued under  
27 this subtitle to finance the costs of transportation facilities; and

28 (2) (i) Borrow funds from the federal government or its agencies, and  
29 evidence such borrowing with a promissory note or other evidence of obligation;

30 (ii) Borrow funds from a nongovernment lender if the loan is  
31 guaranteed by the federal government or its agencies; and

32 (iii) 1. Use the proceeds of the loans described in items (i) and (ii)  
33 of this paragraph in connection with transportation facilities including use of the proceeds  
34 to pay the costs of financing transportation facilities and the payment of debt service on the  
35 Department's bonds issued in connection with such transportation facilities;



1           (2)     The date of maturity may not be later than ~~12~~ 15 years after the date  
2 of issue; **AND**

3           ~~(3)     Notwithstanding § 3-215(d) of this title, if future federal aid is~~  
4 ~~insufficient to pay the principal of and interest on the bonds issued under this subtitle when~~  
5 ~~due, the tax levied under § 3-215 of this title, to the extent the proceeds of such tax are not~~  
6 ~~necessary to provide the sinking fund required under § 3-215(e) of this title, is irrevocably~~  
7 ~~pledged to the payment of the principal of and interest on the bonds issued under this~~  
8 ~~subtitle as they become due and payable;~~

9           ~~(4)     The lien of the pledge under item (3) of this subsection shall at all times~~  
10 ~~be subordinate to the lien of the pledge of such tax under § 3-215(d) of this title to the~~  
11 ~~payment of principal of and interest on consolidated transportation bonds; and~~

12           ~~(5)~~ **(3)**       No part of the tax levied under § 3-215 of this title may be  
13 repealed, diminished, or applied to any other purpose until:

14           (i)     The bonds issued under this subtitle and interest on them have  
15 become due and fully paid; or

16           (ii)    Adequate and complete provision for payment of the principal  
17 and interest has been made.

18           (e)     (1)    By resolution of the Secretary, the Department may:

19                   (i)     Borrow funds to finance the costs of transportation facilities;

20                   (ii)    Evidence the borrowing by the issuance and sale of  
21 revenue-backed bonds; and

22                   (iii)   Pledge and use a dedicated revenue source, which may include  
23 revenues attributable to the transportation facilities being financed, for the payment of the  
24 principal of and interest on the Department's revenue-backed bonds described in this  
25 subsection.

26           (2)     Payment of the principal of or interest on revenue-backed bonds issued  
27 under this subtitle may not be supported directly or indirectly by State tax revenues  
28 pledged to meet debt service on Consolidated Transportation Bonds as prescribed under §  
29 3-215 of this title.

30           ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July~~  
31 ~~1, 2023.~~

32           SECTION 2. AND BE IT FURTHER ENACTED, That:

1           (a) There is a Maryland Commission on Transportation Revenue and  
2 Infrastructure Needs.

3           (b) The Commission consists of:

4                   (1) (i) subject to item (iii) of this item, three members of the Senate of  
5 Maryland, appointed by the President of the Senate;

6                   ~~(2)~~ (ii) subject to item (iii) of this item, three members of the House of  
7 Delegates, appointed by the Speaker of the House; and

8                                   (iii) of the six members appointed under items (i) and (ii) of this item:

9   1. one member shall represent the core service area of the  
10 Maryland Transit Administration, as defined in § 7-301.1 of the Transportation Article;  
11 and

12   2. one member shall represent the Washington Metropolitan  
13 Area Transit Authority service area; and

14                   ~~(3)~~ (2) the following members appointed by the Governor:

15                                   (i) the Secretary of Transportation;

16                                   (ii) the Secretary of Budget and Management;

17                                   (iii) the Secretary of Commerce;

18                                   (iv) the Secretary of Planning;

19                                   (v) a representative of the Washington Metropolitan Transit  
20 Authority;

21                                   (vi) two modal administrators from the Department of  
22 Transportation, selected by the Secretary of Transportation;

23                                   (vii) three representatives from the business community, including  
24 two representatives of statewide or regional organizations;

25                                   (viii) two representatives of the transit community;

26                                   (ix) two representatives of the environmental community;

27                                   (x) a representative of the American Automobile Association;

28                                   (xi) a representative of the freight rail industry;



- 1            (xii) a representative of the motor carrier industry;  
2            (xiii) a representative of the Maryland Association of Counties;  
3            (xiv) a representative of the transportation construction industry;  
4            (xv) a representative of the Maryland Municipal League;  
5            (xvi) a representative of the cycling advocacy community;  
6            (xvii) two representatives of labor unions; and  
7            (xviii) two individuals representing rural areas in the State.

8            (c) The Governor shall designate the chair of the Commission after consultation  
9 with the President of the Senate and the Speaker of the House.

10           (d) To the extent practicable, the President of the Senate, the Speaker of the  
11 House, and the Governor shall attempt to ensure regional, economic, ethnic, and gender  
12 diversity on the Commission.

13           (e) A member of the Commission:

14           (1) may not receive compensation as a member of the Commission; but

15           (2) is entitled to reimbursement of expenses under the Standard State  
16 Travel Regulations, as provided in the State budget.

17           (f) The Department of Transportation and the Department of Legislative  
18 Services shall provide staff support to the Commission.

19           (g) The Commission shall review, evaluate, and make recommendations  
20 concerning:

21           (1) the current State funding sources and structure of the Maryland  
22 Transportation Trust Fund, including:

23           (i) revenue trends that demonstrate weaknesses in the stability of  
24 the Trust Fund; ~~and~~

25           (ii) trends in operating and capital expenditures, and how existing  
26 resources have constrained programming;

27           (iii) trends in the General Fund and general obligation support for  
28 State transportation expenditures and an analysis of whether this approach to support  
29 should continue or transportation expenditures should solely be supported by the  
30 Transportation Trust Fund; and

1 (iv) whether revenue funds for transit and roads, bridges, and tunnels  
2 should be segregated;

3 (2) the methods that other states are employing to fund state  
4 transportation operating and capital programs including toll revenue,  
5 vehicle–miles–traveled fees, fees on zero–emission vehicles, and non–transportation–related  
6 revenue options;

7 (3) short– and long–term construction and maintenance funding needs for  
8 transit, highway, pedestrian, bicycle, heavy rail, shipping, air travel, and other  
9 transportation needs;

10 (4) options for public–private partnerships, including partnerships with  
11 local governments, to meet transportation funding needs including funding options;

12 (5) changes in transportation technology and trends that will impact  
13 transportation infrastructure needs and costs to the State;

14 (6) existing practices for prioritizing project funding and options to better  
15 prioritize needs, including local and legislative priorities;

16 (7) the structure of regional transportation authorities and the ability of  
17 these authorities to meet transportation needs in various regions of the State; ~~and~~

18 (8) options for sustainable, long–term revenue sources for transportation;  
19 and

20 (9) options for improving the Maryland Department of Transportation’s  
21 ability and capacity to deliver major capital projects.

22 (h) On or before January 1, 2024, the Commission shall submit an interim report  
23 of its findings and recommendations to the Governor and, in accordance with § 2–1257 of  
24 the State Government Article, the General Assembly.

25 (i) On or before January 1, 2025, the Commission shall submit a final report of  
26 its findings and recommendations to the Governor and, in accordance with § 2–1257 of the  
27 State Government Article, the General Assembly.

28 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
29 1, 2023. Section 2 of this Act shall remain effective for a period of 2 years and, at the end of  
30 June 30, 2025, Section 2 of this Act, with no further action required by the General  
31 Assembly, shall be abrogated and of no further force and effect.