

Department of Legislative Services  
 Maryland General Assembly  
 2023 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 341 (Delegate J. Lewis, *et al.*)  
 Appropriations

Transportation - Statewide Transportation Improvement Programs and  
 Transportation Improvement Programs - Equity Impacts

This bill requires the Maryland Department of Transportation (MDOT), in developing the Statewide Transportation Improvement Program (STIP), and a Metropolitan Planning Organization (MPO), in developing any Transportation Improvement Program (TIP), to include (1) an equity analysis for each listed transportation project and (2) an analysis of how the relevant program may impact low-income communities and minority communities.

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) expenditures increase by \$23.0 million in FY 2024 for initial equity analyses and staff. Future years reflect ongoing operating expenditures, costs for additional equity analyses every other fiscal year, and the elimination of one-time costs. Revenues are not affected.

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	23.0	0.1	3.1	0.1	3.1
Net Effect	(\$23.0)	(\$0.1)	(\$3.1)	(\$0.1)	(\$3.1)

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

**Local Effect:** Local expenditures increase to the extent that local governments incur costs to provide information and data to MDOT to complete the required equity analyses; however, any such impact is likely to be minimal.

**Small Business Effect:** Meaningful.

## Analysis

**Current Law:** The Secretary of Transportation is responsible for all planning activities of MDOT, as well as the development and maintenance of a continuing, comprehensive, and integrated transportation planning process.

Federal regulations require that each urbanized area, as a condition of the receipt of federal capital or operating assistance, have a continuing, cooperative, and comprehensive transportation planning process carried out by an MPO in cooperation with the state that results in plans and programs consistent with the development of the urbanized area. The regulations further specify that each MPO must consist of (1) local elected officials; (2) officials of public agencies that administer or operate major modes of transportation in the metropolitan area; and (3) appropriate state officials. An MPO designation remains in effect until otherwise redesignated. An MPO may be redesignated by an agreement between the Governor and units of local government that together represent 75% of the existing planning area population. The U.S. Census Bureau defines an urbanized area as a geographic location with a population of 50,000 or more.

Federal regulations also require each state to develop a STIP for all areas of the state that covers a period of at least four years. The STIP must be updated at least every four years, be developed in cooperation with the state's MPOs, and include TIPs from each of the urbanized areas represented by those MPOs. The STIP must include capital and noncapital surface transportation projects (or phases of projects) within boundaries of the state proposed for federal funding and may include other specified projects such as safety projects and emergency relief projects. Specified information about each project, such as the estimated total project cost and amount of federal funds proposed to be obligated for the project, must also be included.

The [State's current STIP](#) covers fiscal 2022 through 2025 and includes TIPs from each of the State's seven MPOs, which are listed below:

- Baltimore Regional Transportation Board;
- Calvert – St. Mary's Metropolitan Planning Organization;
- Cumberland Metropolitan Planning Organization;
- Hagerstown-Eastern Panhandle Metropolitan Planning Organization;
- National Capital Region Transportation Planning Board;
- Salisbury/Wicomico Area Metropolitan Planning Organization; and
- Wilmington Metropolitan Planning and Coordinating Council.

A visualization of the urbanized areas covered by these MPOs can be found [here](#).

**State Expenditures:** According to MDOT, the STIP contains, on average, about 200 major surface transportation projects and about 1,000 minor projects (though the minor projects are combined into about 350 groupings) and includes the projects in each TIP developed by an MPO as well as projects outside of the urbanized areas covered by the MPOs. The bill requires the MPOs and MDOT to complete an equity analysis for each of these projects. MDOT advises that the MPOs receive limited planning funding from a combination of federal transportation agencies, the State, and local governments to meet federal requirements and generally do not have the staff or resources necessary to complete the equity analyses. Thus, for purposes of this analysis, it is assumed that the equity analyses are fully funded and managed by MDOT.

Accordingly, TTF expenditures increase by \$23.0 million in fiscal 2024, which accounts for the bill’s October 1, 2023 effective date. This estimate reflects the cost of hiring one equity program manager to coordinate with the MPOs and consultants conducting the analyses and to generally manage the equity analysis process. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. It also includes an estimated \$22.9 million in consultant costs to complete the initial equity analyses for projects in the STIP, which is based on the following information and assumptions:

- consultant costs of, on average, \$175 per hour;
- an equity analysis for each major project costs, on average, \$84,000, and an equity analysis for each minor project costs, on average, \$17,500; and
- 200 major projects and 350 minor projects require equity analyses (for minor projects, the number reflects project groupings and not individual projects, of which there are about 1,000).

Position	1.0
Salary and Fringe Benefits	\$78,403
Initial Equity Analyses	22,925,000
Operating Expenses	<u>7,409</u>
<b>Total FY 2024 State Expenditures</b>	<b>\$23,010,812</b>

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. As the STIP is updated and reevaluated over time, MDOT anticipates additional equity analysis costs of approximately \$3.0 million in fiscal 2026 and every two years thereafter, reflecting additional equity analyses for 15 new major projects and 100 new minor projects every other year.

**Small Business Effect:** As noted above, the bill requires a significant number of equity analyses to be completed. MDOT plans to engage expert consultants to complete the

analyses, many of whom are small businesses. As a result, small business consultants retained by MDOT are likely to receive considerable additional business under the bill.

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### **Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Maryland Department of Transportation; Montgomery and Prince George's counties; Federal Transit Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2023  
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