

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1125
Appropriations

(Delegate Solomon, *et al.*)

Budget and Taxation

Transit - Grant Funding for Local Service - Alterations

This bill codifies the Locally Operated Transit System Grant Program in the Maryland Department of Transportation (MDOT). The purpose of the program is to provide funds to locally operated transit systems in the State. A locally operated transit system may only use program funds for authorized purposes, and MDOT may source funds from specified federal and State programs. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: None. The bill generally codifies an existing program within MDOT. Overall funding is not affected. MDOT anticipates providing \$104.4 million in locally operated transit system grants in FY 2024.

Local Effect: None. The bill generally codifies an existing program within MDOT.

Small Business Effect: None.

Analysis

Bill Summary: A locally operated transit system may use funds received through the grant program for capital expenses, operating expenses, planning expenses, and any other eligible expense, as determined by MDOT. MDOT may source program funds from:

- federal public transportation program, including, among others, the Urbanized Area Formula Program, the Intercity Bus Program, and the State Large Urban Program; and

- State public transportation programs, including State transit operating and capital matching funds, the State Americans with Disabilities Act Program, and the Statewide Special Transportation Assistance Program.

Current Law: While not generally required in statute, MDOT provides funding to [locally operated transit systems](#) through a variety of federal and State programs, including, among others, the federal Urbanized Area Formula Program, the federal Intercity Bus Program, the State Large Urban Program, and the State Americans with Disabilities Act Program. However, Washington Area Grants to Montgomery and Prince George’s counties to assist with the operations of their bus systems are required by law.

Specifically, subject to appropriation requirements and budgetary provisions in statute, MDOT is authorized to provide grants to Montgomery and Prince George’s counties to assist with the service deficit of eligible local bus service; each county must apply annually for the grants, and the grants are contingent on MDOT’s approval of the applications. “Eligible local bus service” means a service that (1) previously replaced comparable service operated by the Washington Metropolitan Area Transit Authority, as well as any new service added after June 30, 1989, and (2) is operated by or on behalf of and in Montgomery or Prince George’s counties.

Additional Information

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

Designated Cross File: SB 939 (Senator Watson) - Rules.

Information Source(s): Maryland Department of Transportation; Maryland Association of Counties; Baltimore, Harford, Montgomery, and Prince George’s counties; Maryland Municipal League; cities of College Park and Frostburg; Moody’s Analytics; IHS Markit; Department of Legislative Services

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