

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 617

(Senator Hettleman, *et al.*)

Budget and Taxation

Appropriations and Environment and
 Transportation

Maryland Transit Administration – Fare Price Requirements – Alterations

This bill repeals the statutory requirement that the Maryland Transit Administration (MTA) increase its base fare prices every two years and every five years based on the Consumer Price Index (CPI) and other factors; it also makes conforming changes. MTA would still have the authority to modify transit fares as needed after a public hearing is held. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues decrease by as much as \$6.9 million in FY 2024, \$7.1 million in FY 2025, \$18.1 million in FY 2026, \$17.6 million in FY 2027, and \$19.8 million in FY 2028. The revenue loss could be mitigated to the extent MTA uses its general authority to increase fares, as discussed below. Expenditures are not directly affected.

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	(\$6.9)	(\$7.1)	(\$18.1)	(\$17.6)	(\$19.8)
Expenditure	0	0	0	0	0
Net Effect	(\$6.9)	(\$7.1)	(\$18.1)	(\$17.6)	(\$19.8)

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

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law: MTA is a modal unit within the Maryland Department of Transportation (MDOT), and it operates a comprehensive transit system throughout the Baltimore-Washington metropolitan area, including more than 50 local bus lines in Baltimore and other services, such as the light rail, Baltimore Metro subway, commuter buses, MARC trains, and mobility/paratransit vehicles. Except for the Washington Metropolitan Area Transit Authority, MDOT and MTA are generally the agencies responsible for the construction and operation of transit lines in the State.

To address concerns that the State lacked adequate funding to build new transportation infrastructure, Chapter 429 of 2013 increased transportation funding by, among other things, increasing motor fuel taxes and requiring MTA to increase base fare prices beginning in fiscal 2015. Specifically related to MTA transit services, Chapter 429 requires fares to be adjusted every two years and every five years based on the annual CPI increase and other factors. Outside of these mandated increases, MTA has general authority to adjust its fares but may not do so until a public hearing is held on the matter.

State Revenues: The next mandated fare increase required by Chapter 429 is for fiscal 2024. From this increase and future mandated increases, MTA anticipates TTF revenues totaling:

- \$6.9 million in fiscal 2024;
- \$7.1 million in fiscal 2025;
- \$18.1 million in fiscal 2026;
- \$17.6 million in fiscal 2027; and
- \$19.8 million in fiscal 2028.

Because the bill repeals the mandated fare increases, the revenues resulting from those fare increases are foregone. However, as noted above, MTA has general authority to adjust its fares as needed (after a public hearing is held) and may do so to offset some or all of the TTF revenue loss resulting from the bill. The extent to which MTA increases fares using this general authority, thereby reducing the overall effect on TTF revenues, cannot be predicted.

Additional Information

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

Designated Cross File: HB 673 (Delegate Edelson, *et al.*) - Appropriations and Environment and Transportation.

Information Source(s): Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2023
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