

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 764
 Appropriations

(Delegate Shetty, *et al.*)

Budget and Taxation

**State Lottery Fund - Bus Rapid Transit Fund Distribution and Prince George's
 County Blue Line Corridor Facility Fund - Alterations**

This bill requires \$27.0 million of State lottery funds to be transferred annually beginning after June 30, 2024, into the Bus Rapid Transit Fund (BRTF) instead of an amount of up to \$27.0 million based on specified deposits for Maryland Stadium Authority (MSA) debt service. Bus rapid transit system grants depend on amounts deposited into BRTF instead of being triggered by lottery revenues deposited for MSA debt service. By June 30, 2024, at least \$18,207,162 of State lottery funds must be transferred into the Prince George’s County Blue Line Corridor (BLC) Facility Fund, and after June 30, 2024, \$27.0 million must be transferred to the BLC Facility Fund annually in two installments, instead of an amount of *up to* \$27.0 million annually in two installments after June 30, 2023. MSA must pay from the BLC Facility Fund any expenses that are incurred or approved by MSA relating to BLC facilities. MSA must submit a report to the House Appropriations Committee and the Senate Budget and Taxation Committee by December 15, 2024, on (1) all public and private development activities currently under construction or in the development process in BLC for the next 30 years and (2) input from specified representatives on BLC’s future. **The bill takes effect June 1, 2024.**

Fiscal Summary

State Effect: General fund revenues decrease by \$17.1 million in FY 2024 and \$8.8 million in FY 2025, and nonbudgeted revenues and expenditures for the BLC Facility Fund increase correspondingly, as discussed below. MSA can implement the bill with existing resources.

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GF Revenue	(\$17.1)	(\$8.8)	\$0	\$0	\$0
NonBud Rev.	\$17.1	\$8.8	\$0	\$0	\$0
NonBud Exp.	\$17.1	\$8.8	\$0	\$0	\$0
Net Effect	(\$17.1)	(\$8.8)	\$0.0	\$0.0	\$0.0

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

Local Effect: Prince George’s County can engage with MSA for MSA’s report required under the bill with existing resources. Revenues are not directly affected.

Small Business Effect: None.

Analysis

Current Law:

Bus Rapid Transit System Grants

BRTF is a special, nonlapsing fund, administered by the Maryland Department of Transportation (MDOT), to provide grants to eligible bus rapid transit system grantees. The fund is generally funded with lottery revenues. “Bus rapid transit system” means a bus line that operates on at least some portion of roadway dedicated to buses and offers off-board fare collection if a fare is charged. If deposits or payments are made as specified from the State Lottery Fund, an amount equaling those deposits or payments, but not exceeding \$27.0 million, must be paid into BRTF for bus rapid transit system grants from the State Lottery Fund. MDOT must use these funds to award a grant to an “eligible grantee” – defined as a county or municipality that has a bus rapid transit system that operates in the county or municipality and has no ongoing or completed facility, as specified.

If there is more than one eligible grantee, MDOT must distribute the funds in a specified manner. Eligible uses of the funds include:

- financing and refinancing of the costs related to the construction, acquisition, improvement, equipping, rehabilitation, and expansion of bus rapid transit system projects;
- payment of debt service on bonds issued to finance bus rapid transit system projects;
- payment of all reasonable expenses and charges related to bond issuance and borrowing; and
- payment of costs relating to the management and operation of bus rapid transit system projects.

If an eligible grantee uses these funds for the payment of debt service on bonds issued to finance bus rapid transit system projects, the eligible grantee must issue bonds in accordance with an ordinance or resolution, which may specify all matters relating to the advertisement, sale, issuance, delivery, and payment of the bonds.

MDOT must distribute grants to eligible grantees in a timely manner and may not impose any additional conditions on an eligible grantee on receipt of a grant.

Prince George's County Blue Line Corridor Facility Fund

The BLC Facility Fund is a continuing, nonlapsing fund administered by MSA to enable MSA to (1) use the fund as a revolving fund for implementation as it relates to a BLC facility and (2) pay any expenses incurred by MSA that are related to that BLC facility. To the extent considered appropriate by MSA, the receipts of the fund must be pledged to and used to pay the following relating to a BLC facility:

- debt service on MSA bonds;
- all reasonable charges and expenses related to MSA's borrowing; and
- the management of MSA's obligations.

Beginning in fiscal 2024, up to \$27.0 million must be paid annually in two installments to the BLC Facility Fund from the State Lottery Fund until the bonds that have been issued to finance BLC facilities are no longer outstanding and unpaid.

State Lottery Fund

Each month, after payments to lottery winners and agents and to the State lottery for operating expenses, the Comptroller must make payments from the State Lottery Fund for various purposes. Several of the distributions relating to the bill are:

- up to \$14.2 million per fiscal year from fiscal 2024 through 2026 and up to \$3.36 million per fiscal year from fiscal 2027 through 2039 to the Maryland Stadium Facilities Fund;
- up to \$34.9 million per fiscal year from fiscal 2024 through 2026 and up to \$45.0 million annually beginning in fiscal 2027 to the Camden Yards Football Sports Facility Supplemental Financing Fund;
- up to \$40.9 million per fiscal year from fiscal 2024 through 2026, up to \$41.64 million per fiscal year from fiscal 2027 through 2039, and up to \$45.0 million annually beginning in fiscal 2040 to the Camden Yards Baseball Sports Facility Supplemental Financing Fund;
- contingent on the above funds being provided, up to \$27.0 million per fiscal year to MDOT/BRTF for the bus rapid transit system grant program; and
- up to \$27.0 million paid annually in two installments to the BLC Facility Fund beginning in fiscal 2024.

After specified statutory distributions are made from the State Lottery Fund, the remainder is deposited into the State’s general fund.

State Fiscal Effect: Under current law, BRTF is projected to receive \$27.0 million annually for the foreseeable future based on deposits for MSA debt service so requiring \$27.0 million to be transferred into BRTF under the bill codifies the expected distribution.

Under current law, as shown below in **Exhibit 1**, the BLC Facility Fund is projected to receive \$1,096,303 in fiscal 2024, \$18,207,162 in fiscal 2025, and \$27.0 million annually thereafter. Thus, requiring \$18,207,162 in fiscal 2024 and \$27.0 million in fiscal 2025 to be transferred into the BLC Facility Fund accelerates receipt of nonbudgeted revenues for the BLC Facility Fund, with the corresponding effect of reducing general fund revenues by \$17.1 million in fiscal 2024 and \$8.8 million in fiscal 2025. Nonbudgeted expenditures for the BLC Facility Fund are assumed to increase correspondingly as funds are used to make debt service payments, although the timing of these payments is dependent on the actual debt service schedule. Requiring \$27.0 million to be transferred into the BLC Facility Fund after fiscal 2025 under the bill codifies the expected distribution.

Exhibit 1
Blue Line Corridor Facility Fund Distributions from the State Lottery Fund
Fiscal 2024-2029
(\$ in Millions)

	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Current Law (up to \$27.0 million)	\$1.1	\$18.2	\$27.0	\$27.0	\$27.0	\$27.0
The Bill (specified amounts)	18.2	27.0	27.0	27.0	27.0	27.0
Difference	17.1	8.8	0.0	0.0	0.0	0.0

Source: Department of Legislative Services

MSA can handle the bill’s reporting requirement with existing resources.

Additional Information

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

Designated Cross File: SB 1116 (Senator Zucker) - Rules.

Information Source(s): Comptroller's Office; Department of Budget and Management; Maryland Department of Transportation; Maryland State Lottery and Gaming Control Agency; Maryland Stadium Authority; Prince George's County; Department of Legislative Services

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