

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1203 (Delegate R. Long)
Environment and Transportation

**Maryland Transportation Authority - Replacement for the Francis Scott Key
Bridge - Suspension of Tolls**

This bill prohibits the Maryland Transportation Authority (MDTA) from charging a toll for the use of the new bridge over the Patapsco River built as a replacement for the collapsed Francis Scott Key Bridge for the first five years following the opening of the bridge to passenger traffic.

Fiscal Summary

State Effect: Nonbudgeted revenues for MDTA decrease by at least tens of millions of dollars annually over a five-year period beginning as early as FY 2029; the impact may be at least partially offset to the extent that MDTA increases its other toll rates to account for the revenue loss. State expenditures (all funds) for tolls paid to MDTA may be affected beginning as early as FY 2029, but any such impact cannot be estimated in advance. Other potential effects are discussed below.

Local Effect: Local government expenditures for tolls paid to MDTA may be affected beginning as early as FY 2029, but any such impact cannot be estimated in advance. Local revenues are not affected.

Small Business Effect: Potential meaningful. Small business expenditures for tolls paid to MDTA may be affected as early as FY 2029, but any such impact cannot be estimated in advance.

Analysis

Current Law: Since 1971, MDTA has been responsible for constructing, managing, operating, and improving the State's toll facilities (for example, the Chesapeake Bay Bridge and the Governor Harry W. Nice Memorial/ Senator Thomas "Mac" Middleton (Nice/Middleton) Bridge) and for financing new revenue-producing transportation projects. MDTA is a nonbudgeted State agency, meaning that its budget is not subject to the General Assembly's appropriation process. In addition to the former Francis Scott Key Bridge, MDTA has two other toll facilities that cross the Patapsco River: the [Baltimore Harbor Tunnel](#) and the [Fort McHenry Tunnel](#).

MDTA has the authority to set tolls on transportation facilities projects under its supervision. Tolls must provide funds that, when combined with bond proceeds and other available revenues, are sufficient to pay maintenance, repair, and operating costs for transportation facilities projects that are not otherwise paid for; pay the interest and principal of any outstanding bond issues; create reasonable reserves for these purposes; and provide funds for the cost of replacements, renewals, and improvements. Toll revenues are deposited into the Transportation Authority Fund, which is wholly separate from the Transportation Trust Fund.

For major transportation projects, the National Environmental Policy Act (NEPA) requires a range of alternatives to be considered and the environmental impacts of each alternative to be analyzed. This environmental impact statement is required prior to the commitment of federal funds to any major project or prior to any action taken by a federal agency that might cause a significant impact on the environment. Some of the basic steps in this process include a public scoping process, data collection, analysis of policy alternatives, and preparation of draft and final documents. The process involves numerous federal, state, and local partners.

State Fiscal Effect: In summary, once the replacement bridge is opened to passenger traffic, which is tentatively scheduled for fiscal 2029, the bill is anticipated to decrease nonbudgeted revenues for MDTA by *at least* tens of millions of dollars annually; however, MDTA's revenue loss may be at least partially offset to the extent that MDTA increase its toll rates for its other toll facilities. In addition, the bill may (1) violate MDTA's trust agreement with its bondholders and (2) affect the Categorical Exclusion classification for the project (as discussed below).

Toll Revenues

MDTA advises that the replacement bridge for the Francis Scott Key Bridge is tentatively scheduled to be opened to passenger traffic for a portion of fiscal 2029, with fiscal 2030 being the first full year of operation. While preliminary, based on the work of an external

consultant, MDTA estimates toll revenues from the new bridge of \$40.0 million in fiscal 2029 and \$60.0 million in fiscal 2030. Accordingly, because the bill prohibits MDTA from charging a toll to use the bridge for the first five years that it is open to passenger traffic, any revenue that would otherwise be collected by MDTA during that five-year period is foregone. Assuming no project delays (and the bridge begins operations in fiscal 2029), forgone toll revenues are anticipated through the entirety of fiscal 2033 and a portion of fiscal 2034.

In addition, MDTA anticipates that many users of its other two toll facilities that cross the Patapsco River (the two tunnels) will, under the bill, divert to use the new bridge instead in order to avoid paying tolls. To the extent that any such diversion takes place, nonbudgeted revenues for MDTA decrease further; however, any such impact cannot be reliably estimated without actual experience under the bill.

MDTA advises, however, that to make up for the foregone toll revenue resulting from the bill, it may be required to implement a toll increase for its other facilities earlier than it otherwise would. To the extent that any such toll increase takes place, the bill's impact on MDTA's toll revenues may be partially mitigated; however, any such impact cannot be reliably estimated without actual experience under the bill.

Trust Agreement

A trust agreement is in place with MDTA's bondholders that requires MDTA to maintain certain financial metrics, set toll rates at a rate sufficient to repay bondholders, and maintain its facilities in a state of good repair, among other things. The bill may violate MDTA's trust agreement and could result in the agency being sued by its bondholders. In such a case, MDTA could incur potentially significant legal costs and, depending on the results of the lawsuit, its operations and finances could be significantly affected. Any such impact, however, cannot be predicted without actual experience under the bill.

Categorical Exclusion Classification

In July 2024, the Federal Highway Administration (FHWA) issued a [Categorical Exclusion classification](#) and [NEPA approval](#) for the replacement bridge project. The classification means that FHWA has determined that the project does not individually or cumulatively have a significant effect on the human environment and, as a result, neither an environmental assessment nor an environmental impact statement is required for the project. MDTA advises that this classification requires the reconstruction of the new bridge to occur within the existing right-of-way and in a manner that substantially conforms to the preexisting design, function, and location of the original bridge.

MDTA advises that the Categorical Exclusion classification did not include or allow a change in the tolling structure of the replacement bridge. MDTA further advises that if FHWA determines that the bill's changes to the tolling program are not allowed under the classification, FHWA could take one or more enforcement actions against the State, which could include disapproving the project, refusing federal funding, or requiring the State to conduct additional NEPA analyses. However, any such impact cannot be predicted without actual experience under the bill.

Additional Comments: On March 26, 2024, the Francis Scott Key Bridge collapsed after being struck by a container vessel. Updates regarding the replacement of the bridge can be found [here](#).

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Department of Budget and Management; Federal Highway Administration; Department of Legislative Services

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