

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 105
Appropriations

(Delegate Edelson)

Department of Transportation - Grant Anticipation Revenue Vehicle Bonds -
Light Rail Replacement Vehicles

This bill expands the types of projects that the Maryland Department of Transportation (MDOT) may fund using proceeds from bonds backed by future federal aid (typically known as Grant Anticipation Revenue Vehicle (GARVEE) bonds) to include the replacement of light rail transit vehicles and costs related to the replacement of the vehicles. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: The bill does not directly affect MDOT finances. While the bill authorizes MDOT to use GARVEE bonds for an additional type of project, the bill does not alter the existing \$1.0 billion debt outstanding limit on the total issuance of such bonds. Nevertheless, the bill grants MDOT additional flexibility to fund its capital program, and the *Consolidated Transportation Program (CTP)* for FY 2025 through 2030 assumes passage of legislation to authorize the use of GARVEE bonds to modernize the State's light rail transit vehicle fleet, as discussed below.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapters 471 and 472 of 2005 authorized MDOT and the Maryland Transportation Authority to issue a maximum of \$750 million in bonds backed by future federal aid. Under this authority, \$750 million in GARVEE bonds were issued in 2007 and

2008 as part of the financing plan for the Intercounty Connector, although those bonds have since been fully paid off.

Chapter 455 of 2023 expanded the authority of MDOT to issue GARVEE bonds for additional transportation projects as long as the aggregate outstanding and unpaid principal amount of debt issued does not exceed \$1.0 billion as of June 30 of any year. However, the proceeds of those bonds may only be used for:

- designing and constructing the Baltimore Red Line;
- procuring zero-emission buses (in accordance with existing provisions relating to the conversion of the State transit bus fleet to zero-emission buses) and constructing related infrastructure, including bus maintenance facilities;
- developing and constructing the Southern Maryland Rapid Transit Corridor;
- designing and constructing improvements to the Maryland Route 2 and Route 4 corridor, including the Thomas Johnson Bridge;
- designing and constructing improvements to the Maryland Route 90 corridor; or
- designing and constructing improvements to the Interstate 81 corridor.

The CTP, which is issued annually to the General Assembly, local elected officials, and interested citizens, provides a description of projects proposed by MDOT for development and evaluation or construction over the next six-year period.

State Fiscal Effect: The bill authorizes, but does not require, MDOT to use proceeds from the issuance of GARVEE bonds to replace light rail transit vehicles and for costs related to the replacement of the vehicles. The bill does not alter the existing \$1.0 billion debt outstanding limit on the total issuance of such bonds. As such, the bill does not directly affect MDOT finances, but grants MDOT additional flexibility to fund its capital program. MDOT is anticipated to use the authority granted by the bill as early as fiscal 2027, as the CTP for fiscal 2025 through 2030 assumes passage of legislation to authorize GARVEE bonds for this purpose.

More specifically, the Project Identification Form in the CTP for the [Light Rail Modernization Program](#) includes \$248.7 million in GARVEE bond funding from fiscal 2027 through 2030 for the replacement of the Maryland Transit Administration's light rail vehicle fleet. Absent the bill, MDOT may be required to cancel the project or fund the project using the Transportation Trust Fund or another source of federal funding; however, doing so would make GARVEE bond proceeds available for other authorized projects.

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; Maryland State Treasurer's Office; Department of Legislative Services

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km/lgc

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