

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 517

(Delegate Korman, *et al.*)

Environment and Transportation and
 Appropriations

Budget and Taxation and Finance

Workgroup on the Reorganization of the Maryland Transit Administration

This bill establishes the Workgroup on the Reorganization of the Maryland Transit Administration (MTA) to (1) study specified issues relating to a reorganization of the Maryland Department of Transportation (MDOT) and MTA and (2) make related recommendations. The Department of Legislative Services (DLS) must provide staff for the workgroup, and the workgroup must report its findings and recommendations to the Governor and the General Assembly by December 1, 2025. The bill also expresses the intent of the General Assembly that (1) beginning with the fiscal 2027 budget, statewide transit services (excluding local Baltimore City transit services) be included in the budget of the Office of the Secretary (rather than MTA’s budget) and (2) by December 1, 2025, MDOT submit draft legislation to the Governor and the General Assembly providing for the reorganization of MDOT relating to transit services, as specified. **The bill takes effect July 1, 2025, and terminates June 30, 2026.**

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by as much as \$936,000 in FY 2026 only, as discussed below. Revenues are not affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	936,000	0	0	0	0
Net Effect	(\$936,000)	\$0	\$0	\$0	\$0

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 and finances.

Small Business Effect: None.

Analysis

Bill Summary:

Workgroup on the Reorganization of the Maryland Transit Administration

The workgroup must study issues relating to a reorganization of MDOT and MTA, including (1) options allowing MTA to continue providing local Baltimore City transit services, including light rail, subway, and bus services and the creation of a new unit or reorganization of the Office of the Secretary to provide statewide transit services; (2) the current contractual obligations and agreements of MTA and the process to transfer the obligations and agreements as part of a reorganization of MDOT and MTA; and (3) the governance changes to MTA necessary to ensure that Baltimore City has the appropriate oversight and input into local Baltimore City transit service.

The workgroup must make recommendations regarding the reorganization of MDOT and MTA to ensure that (1) local Baltimore City transit service, including light rail, subway, and bus service, remain in a single unit within MDOT and any other functions of MTA are reorganized into a separate unit with MDOT or the Office of the Secretary; (2) the workforce and personnel of MTA necessary to operate local Baltimore City transit services remain within MTA, and the workforce and personnel of MTA necessary to operate statewide transit services are reorganized into a separate unit within MDOT or the Office of the Secretary; and (3) the funding for local Baltimore City transit service is not reduced.

Workgroup members may not receive compensation but are entitled to reimbursement for expenses.

Legislative Intent

It is the intent of the General Assembly that, beginning with the fiscal 2027 budget, all local Baltimore City transit services, including light rail, subway, and bus service, be included in the MTA budget and all statewide transit service, including the Maryland Area Rail Commuter (MARC) rail service, the construction and operation of the Purple Line, and commuter bus service, be included in the Office of the Secretary's budget.

It is the intent of the General Assembly that, by December 1, 2025, MDOT must submit draft legislation to the Governor and the General Assembly providing for the reorganization of MDOT to ensure that MTA provides local Baltimore City transit services, including light rail, subway, and bus service, and a separate unit within MDOT provides statewide transit services, including MARC rail service, the construction and operation of the Purple Line, and commuter bus service.

Current Law: MTA is a modal unit within 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. Aside from the District of Columbia transit system, MDOT and MTA are generally the agencies responsible for the construction and operation of transit lines in the State.

State Expenditures: DLS can provide staff for the workgroup using existing budgeted resources; however, DLS and the workgroup likely cannot complete the required study and develop the required recommendations without significant data, information, and assistance from MDOT and MTA.

In the execution of its duties, MDOT and MTA often engage expert consultants to handle research, evaluations, studies, and staffing duties. In order to assist DLS with the workgroup and to comply with the bill's intent language within the short timeframe provided by the bill, MTA anticipates the need for consultants. As a result, TTF expenditures increase by as much as \$936,000 in fiscal 2026. This estimate, which is based on information provided by MTA, assumes the following in consultant costs:

- an estimated \$240,000 for expert legal counsel to review existing contracts, leases, easements, agreements, and regulations that may be affected by the restructuring of MDOT and MTA;
- an estimated \$288,000 to perform in-depth analyses of the MTA and MDOT budgets, including analyses of potential cost savings and/or new costs resulting from the proposed restructuring;
- an estimated \$120,000 to analyze potential issues with federal agencies and federal funding; and
- as much as \$288,000 to facilitate and respond to data, analysis, information, and document requests from the workgroup and DLS, depending on the volume and complexity of any such requests.

Any expense reimbursements for workgroup members are assumed to be minimal and absorbable within existing budgeted resources.

Additional Information

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

Designated Cross File: SB 401 (Senator McCray) - Budget and Taxation and Finance.

Information Source(s): Maryland Department of Transportation; Office of the Attorney General; Maryland State Treasurer's Office; Judiciary (Administrative Office of the Courts); Department of Budget and Management; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2025
km/lgc Third Reader - March 26, 2025
Revised - Amendment(s) - March 26, 2025

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510