

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 188

(Chair, Budget and Taxation Committee)(By Request -  
Departmental - Transportation)

Budget and Taxation

Appropriations

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**Maryland Transportation Authority - Revenue Bond Limit - Increase**

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This departmental bill increases the debt capacity of the Maryland Transportation Authority (MDTA) from \$4.0 billion to \$5.0 billion, subject to existing bond issuance requirements. **The bill takes effect July 1, 2026.**

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**Fiscal Summary**

**State Effect:** MDTA nonbudgeted revenues increase significantly, potentially beginning as early as FY 2029, to the extent MDTA issues additional bonds, as discussed below; MDTA nonbudgeted expenditures increase for related debt service.

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

**Small Business Effect:** The Maryland Department of Transportation (MDOT) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

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**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 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.

Revenue bonds may be issued by MDTA without obtaining the consent of any instrumentality, agency, or unit of State government and without any proceedings or the happening of any conditions or things other than those specifically required by State law. Revenue bonds secured by toll revenue may be issued in any amount as long as the aggregate outstanding and unpaid principal balance of the revenue bonds secured by toll revenue and revenue bonds of prior issues does not exceed \$4.0 billion on June 30 of any year.

The maximum aggregate amount of revenue bonds that may be outstanding and unpaid must be reduced by the amount of (1) any loan extended to the State under the federal Transportation Infrastructure Finance and Innovation Act and (2) any line of credit extended to the State under the same Act, to the extent the State draws on the line of credit. Generally, MDTA may issue bonds to refinance all or any part of the cost of a transportation facility project for which MDTA previously issued bonds without the approval of the General Assembly.

**Background:** MDTA's debt capacity limit was last increased from \$3.0 billion to \$4.0 billion by the PORT Act (Chapters 2 and 3 of 2024) in response to the collapse of the Francis Scott Key Bridge. MDOT advises that a further increase in MDTA's debt capacity limit is needed because there is significant uncertainty in the timing of federal reimbursements for costs associated with the reconstruction of the bridge. While the federal government has agreed to pay 100% of the necessary costs related to the reconstruction of the bridge, the State must initially pay the costs and then later be reimbursed. MDOT advises that the timing of federal reimbursements is difficult to predict because the funding is derived from federal emergency response funds and may be affected by, among other issues, disaster response needs across the country.

In addition to supporting the reconstruction efforts of the Francis Scott Key Bridge, MDOT further advises that the bill also supports completion of MDTA's other capital projects, primarily associated with preservation activities. MDOT advises that, in the absence of the bill, MDTA may be required to increase tolls to fund its capital program without issuing debt beyond the existing debt capacity limit.

MDTA's current financial plan assumes federal reimbursements related to the Francis Scott Key Bridge reconstruction project will take place about one year after costs are paid. As shown in **Exhibit 1**, MDTA's planned bond issuances will exceed the current \$4.0 billion limit beginning in fiscal 2029. However, MDOT advises that the timing of MDTA's planned bond issuances is subject to change based on the pace of construction of the reconstruction project and the timing of federal reimbursements.

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**Exhibit 1**  
**Maryland Transportation Authority Planned Bond Issuances and Debt Outstanding**  
**Fiscal 2026 through 2031**  
**(\$ in Millions)**

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Bond Issuances	\$566.3	\$253.7	\$822.0	\$785.1	\$536.7	\$411.4
Debt Outstanding	\$2,580.9	\$2,744.1	\$3,514.6	\$4,243.1	\$4,694.8	\$4,395.1

Source: Maryland Transportation Authority

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**State Fiscal Effect:** Nonbudgeted revenues increase significantly, potentially beginning as early as fiscal 2029, to the extent MDTA issues additional bonds as a result of the bill. As noted above, MDTA’s current financial plan assumes bond issuances in excess of the existing \$4.0 billion limit beginning in fiscal 2029; however, the ultimate amount and timing of its bond issuances may vary depending on the pace and costs of the bridge reconstruction project and the timing of related federal reimbursements.

Nonbudgeted expenditures increase to pay debt service on any additional bonds issued under the bill.

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**Additional Information**

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

**Designated Cross File:** HB 229 (Chair, Appropriations Committee)(By Request - Departmental - Transportation) - Appropriations.

**Information Source(s):** Maryland Department of Transportation; Maryland State Treasurer’s Office; Department of Budget and Management; Department of Legislative Services

**Fiscal Note History:** First Reader - January 19, 2026  
js/lgc Third Reader - February 18, 2026

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**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

TITLE OF BILL: Maryland Transportation Authority - Revenue Bond Limit - Increase

BILL NUMBER: SB188

PREPARED BY: Maryland Transportation Authority

**PART A. ECONOMIC IMPACT RATING**

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

**OR**

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

**PART B. ECONOMIC IMPACT ANALYSIS**