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Acting Secretary

February 4, 2020

The Honorable Shane E. Pendergrass
Chair, Health and Government Operations Committee
241 House Office Building
Annapolis MD 21401

RE: Letter of Information – House Bill 125 – Board of Public Works – Land Acquisition - Requirements

Dear Chair Pendergrass and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on House Bill 125 but offers the following information for the Committee's consideration.

Passage of this legislation would slow the land acquisition process for MDOT projects, affecting delivery timelines for future projects as well as current projects which have received federal and state approval and are already underway.

This bill adds steps to the process for Board of Public Works (BPW) approval of expenditures for land acquisitions appraised at \$500,000 or more, including the submission of a justification cost-benefit analysis information to the Legislative Policy Committee (LPC). It is unclear what the LPC will do with this information or what will happen if it fails to act within the 45-day review and comment period. The legislation also provides that BPW may not approve acquisition of federal land until a study has been completed regarding the fiscal impact of the acquisition on the State.

This process would impact all of MDOT's transportation business units on a variety of projects. For example, the MDOT Maryland Transit Administration needed to acquire fifty-eight properties for the Purple Line that were appraised at over \$500,000. The majority of the properties have already been acquired, but there are a few remaining. There could be a significant impact to schedule and cost if each purchase was required to undergo the process outlined in House Bill 125 prior to Board of Public Works (BPW) submission for acquisitions. The 45-day review period alone would extend an already lengthy process.

The MDOT Maryland Aviation Administration (MDOT MAA) already has a process in place under both state and federal law for disposal of certain real property acquired for noise compatibility purposes using federal noise grant money. BPW currently approves that disposal, and the money received is deposited into an escrow account to be used in the MDOT MAA noise abatement program under the federal 14 CFR Part 150 program. This provision may impinge on MDOT MAA's ability to comply with the requirements of that program. Though the bill exempts the Baltimore-Washington Thurgood Marshall International Airport, it does not exempt Martin State Airport.

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The MDOT Maryland Port Administration (MDOT MPA) acquires real property for expansion of terminal space and is in direct competition with private sector entities that are not subject to the same time requirements as the State. Currently, legislative notice expires at 45 days, which would put the State outside of a traditional 30-day closing on real estate transactions. Under House Bill 125, MDOT MPA would have to wait at least 45 days and potentially an undetermined amount of time for the Legislative Policy Committee to comment on the justification and cost-benefit analysis prior to moving forward with the acquisition. This puts MDOT MPA at a competitive disadvantage against private entities bidding on the same property, and could disrupt or prevent successful bid on real property against a private entity moving forward. It also presents an awkward scenario where private sector entities may learn about a potential acquisition through political channels. MPA needs to maintain exclusivity in sensitive land acquisitions. Though the bill would exempt the Port of Baltimore, it does not exempt other potential property acquisitions by the Maryland Port Administration outside of the Port of Baltimore geographical boundaries.

Finally, the justification and cost-benefit analysis processes established by House Bill 125 are incongruent with current state and federal practice. Currently, those are completed on a project level in the planning process to obtain federal project approvals. Undergoing these processes on a single property basis would certainly add additional time and cost to any project.

For these reasons, the Maryland Department of Transportation respectfully requests that the Committee considers this information as it deliberates on House Bill 125.

Respectfully submitted,

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