
March 24, 2021

The Honorable Maggie McIntosh
Chair, House Appropriations Committee
Room 121 House Office Building
Annapolis MD 21401

Re: Letter of Support – Senate Bill 240 – Maryland Information Technology Development Project Fund – Sources of Revenue

Dear Chair McIntosh and Committee Members:

The Maryland Department of Transportation (MDOT) supports Senate Bill 240 as it restores MDOT's ability to retain the revenues generated from MDOT Resource Sharing Agreements (RSA).

Current law requires MDOT to deposit its RSA revenues into the Major Information Technology Development Project (MITDP) Fund. Previously, MDOT retained its RSA revenues and they were deposited into the Transportation Trust Fund (TTF) since the revenue is generated from MDOT's assets. MDOT utilized these RSA revenues to pay program administration costs for its RSAs and to help fund MDOT's information technology (IT) projects. Since MDOT does not receive funding from the MITDP Fund, the 2019 law change redirected revenues generated from transportation assets to the MITDP Fund to fund IT projects for other State agencies.

MDOT maintains approximately 70 RSAs, or roughly half of all RSAs in the State. In 2019, it was estimated that a diversion of all MDOT RSA revenues to the MITDP Fund would result in a reduction to the TTF of approximately \$5 million per year. It was also estimated that, because of the reduction in revenues, MDOT would have to reduce its capital program by approximately \$64 million in FY 2019-2024 in order to maintain the required level of debt service coverage. The total amount of MDOT RSA revenues transferred to the MITDP Fund for FY 2020 was \$3,595,440.17. This is in addition to the \$4.3 million paid from the TTF to the Department of Information Technology (DoIT) in fiscal year 2020 for DoIT's cost sharing model and other oversight charges.

It should be noted MDOT must initiate a thorough review of each right-of-way or asset proposed for an RSA to determine if it was purchased with federal funds in order to decide eligibility of transfers to the MITDP. The revenues from any assets purchased with any federal funds must remain with the TTF. Additionally, MDOT is responsible for inspecting the access activities as well as the continued maintenance of the right-of-way or asset being utilized under an RSA.

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By returning MDOT's RSA revenues to the TTF, MDOT would be able to mitigate some of the impact of the COVID-19 pandemic, allowing more funding to be allocated toward key capital projects throughout the State and critical MDOT IT projects like Customer Connect, which is providing a major technology refresh and improving the customer experience at the MDOT Motor Vehicle Administration.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant Senate Bill 240 a favorable report.

Respectfully submitted,

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