

March 29, 2022

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

RE: Letter of Opposition – Senate Bill 463 – Washington Metropolitan Area Transit Authority – Funding Formulas – Alteration (WMATA Dedicated Funding Amendment Act of 2022)

Dear Chair McIntosh and Committee Members:

The Maryland Department of Transportation (MDOT) respectfully opposes Senate Bill 463 due to its impact to the Transportation Trust Fund (TTF) and impact to the MDOT statewide Consolidated Transportation Program (CTP) process.

The provisions of the Maryland Metro/Transit Funding Act of 2018 were the product of a shared regional collaboration to the challenges facing WMATA and provided a comprehensive solution of additional funding and oversight for WMATA. The Act provided an additional \$500 million of annual funding to WMATA, allocated amongst Maryland, Virginia, and Washington D.C. This dedicated capital funding is in addition to existing annual capital grants to WMATA. In MDOT's six-year capital program, capital funding for WMATA totals \$2.9 billion, or 16% of MDOT's capital program. Over this same six-year period, MDOT also provides operating grants to WMATA totaling \$2.8 billion.

As a result of this formula change in Senate Bill 463, the MDOT will have to increase payment to WMATA via the Dedicated Capital Funding grant by a compounding 3% beginning in FY 2028. This has a fiscal impact of \$31 million between FY 2028 and FY 2030.

Beginning in FY 2028, Senate Bill 463 removes the mandate for a 3% increase in base capital funding to which Maryland remains contractually obligated through the end of FY 2027. That represents the termination date of the six-year capital funding agreement (CFA) executed between WMATA, Maryland, Virginia, and Washington D.C. in FY 2021. The current CFA provides for an aggregate 3% annual increase in the base capital funding grant amount from the jurisdictions. Maryland committed to this contractual obligation based on the requirements of the Maryland Metro/Transit Funding Act.

The Honorable Maggie McIntosh
Page Two

There is a reasonable chance that a new CFA will not be negotiated and in effect by the beginning of FY 2028. In such an instance, the standard practice has been to amend the current CFA in order to allow it to remain in place for one additional year. This occurred multiple times prior to the completion of the current CFA, which took three years to negotiate. The end result would still amount to MDOT being mandated to pay a 3% annual increase on both the base capital funding amount and the dedicated funding amount for an unknown number of years until the region is able to agree on a new, multi-year CFA.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant Senate Bill 463 an unfavorable report.

Respectfully submitted,

Pilar Helm
Director of Government Affairs
Maryland Department of Transportation
410-865-1090

Jaclyn Hartman
Chief Financial Officer
Maryland Department of Transportation
410-865-1035