



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Maryland Rail Investment Act of 2022 (HB 1324)
Testimony of Delegate Marc Korman—Favorable

Thank you Madam Chair, Mr. Vice Chair and my colleagues on the Appropriations Committee. I come before you to present the **Maryland Rail Investment Act of 2022 (HB 1324)**. The legislation establishes the Maryland Rail Authority to fund and implement rail and transit projects through the use of revenue from Maryland’s existing toll facilities in excess of road maintenance needs, an approach also followed in New Jersey, New York, and Pennsylvania. A Rail Authority will ensure that Maryland has subject matter experts working on a 21st century transportation network, with projects advancing through the development pipeline and poised to utilize available resources from the federal infrastructure bill.

Maryland needs to significantly invest in rail infrastructure in order to improve our transportation network, support economic development, and meet our ambitious climate goals. Current funding sources are not enough to adequately maintain existing infrastructure. Data from the National Transit Database ranked Maryland worst in the country in terms of commuter rail, heavy rail and light rail breakdown rate.¹ Additionally, revenue problems exasperated by the COVID-19 pandemic threaten to compound reliability issues. The gas tax, one of the main revenue sources for the Transportation Trust Fund (TTF), has seen a decline in terms of taxable gallons of 13.3% from FY 2017 to FY 2021, with revenues declining even before the pandemic hit.² Under-attainment of the gas tax spells the need for a new revenue source that can provide increased and steady funds to allow Maryland to meet its transit goals.

The Maryland Rail Authority would be similar to the existing Maryland Transportation Authority (“MdTA”) for toll facilities. The new Authority would have its own bonding capacity, which would allow it to issue bonds backed by excess toll revenue without impacting MdTA’s existing bonds or those of the Maryland Department of Transportation (MDOT). The MDOT Secretary would serve as Chair of the Board of the Authority as one of nine members. The Board would also include a member each selected by the President of the Maryland Senate and the Speaker of the Maryland House of Delegates. The other board members are *ex officio*

¹ Alex Holt (February 26, 2020 *Maryland's trains break down more often than any others in the US*. Greater Greater Washington. <https://gqwash.org/view/76315/these-numbers-show-why-marylands-mta-transit-systems-break-down-more-than-any-others-in-the-us>.

² “Motor Fuel Tax Annual Report 2021 - Marylandtaxes.gov” (Comptroller of Maryland , July 1, 2021), <https://www.marylandtaxes.gov/reports/static-files/revenue/motorfuel/annualreport/FuelAnnualReportFY2021.pdf>.

members representing the Washington Metropolitan Area Transit Authority (WMATA); Amtrak; MdTA; the Treasurer; and the executive director of the new authority.

Funding for the Maryland Rail Authority would come from instituting optimal tolling at the eight toll facilities currently operated by MdTA (the legislation excludes the proposed I-270 and I-495 toll lanes from the changes). An optimal tolling strategy involves setting the toll at—or near—the highest amount a user would be willing to pay in order to gain maximum revenue. Informal estimates have calculated that between \$250 and \$300 million could be gained via optimal tolling of Maryland’s existing toll facilities. Moreover, through the use of EZPass, optimal tolling can be adjusted as appropriate to offer discounts to local residents, seniors, those exiting in certain locations, and so on in order to truly optimize who is paying how much. The scale of the new Authority’s work could be adjusted depending on the available revenue, specifically the optimal level of tolling and the maintenance needs for the current toll facilities.

Other states have capitalized on using toll revenue for transit. New York sends all surplus toll revenue from their MTA Bridges and Tunnels (B&T) to support the New York Metropolitan Transit Authority’s (MTA) public transit needs. The 2021 surplus was \$1.03 billion, all of which will go to New York MTA’s transit.³ The New Jersey Turnpike Authority provided \$81 million for the Hudson Tunnel rail project from toll revenue.⁴ From 2013 to 2021 the Pennsylvania Turnpike Commission (PTC) contributed \$450 million in toll revenues to the Pennsylvania Department of Transportation (PennDOT) for transit funding. In 2022, the toll contributions from PTC will be reduced to \$50 million per year with \$450 million coming from general funds to transit.⁵

The Maryland Rail Authority is crafted to be flexible and can either be responsible for financing, construction, and operation of new rail and transit projects, or can partner with the Maryland Transit Administration for operations. To start, the Rail Authority will be statutorily limited to working on the following projects: (1) Extending MARC commuter rail service to Newark, Delaware, Northern Virginia, and Western Maryland; (2) Replacing the Baltimore & Potomac Tunnel with the new Douglass Tunnel; (3) Constructing the Southern Maryland Rapid Transit System; and improvements on the existing Brunswick, Camden, and Penn commuter rail lines.

It is clear that Maryland desperately needs more funds for transit and a dedicated authority to implement it. The new Maryland Rail Authority will be able to properly plan, fund and manage new transit projects throughout the state. MdTA’s existing toll facilities provide the opportunity for substantial revenue to fund the rail authority and necessary infrastructure. With excess toll revenue, the Maryland Rail Authority will be able to oversee the construction of rail and transit

³ “Bridges and Tunnels Committee Meeting--February 2022,” Metropolitan Transportation Authority, February 22, 2022, <https://new.mta.info/document/76736>.

⁴ Larry Higgs, “N.J. Turnpike Negotiates Paying \$81M a Year for New Rail Tunnel Loan,” NJ.com (Advance Publications, January 19, 2022), <https://www.nj.com/news/2022/01/nj-turnpike-negotiates-paying-81m-a-year-for-new-rail-tunnel-loan.html>.

⁵ Lauren Rude, “Final PA Turnpike Commission \$450m Payment Made to Penndot; Hopes to Start Bigger Projects,” ABC27 (ABC27, July 28, 2021), <https://www.abc27.com/news/pennsylvania/final-pa-turnpike-commission-450m-payment-made-to-penndot-hopes-to-start-bigger-projects/>.

projects that the state desperately needs for the benefit of its residents, the environment, and the economy. I urge a favorable report.