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Capital Budget

Oversight Committee on Personnel

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THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

Maryland Rail Investment Act of 2023 (HB 74) Testimony of Delegate Marc Korman—Favorable

Thank you Mr. Chair, Mr. Vice Chair, my colleagues on the Appropriations Committee and visitors from the Environment and Transportation Committee. I come before you to present the **Maryland Rail Investment Act of 2023 (HB 74)**. The legislation establishes the Maryland Rail Authority to fund and implement rail and transit projects using 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, long term revenue challenges threaten the Transportation Trust Fund (TTF). The gas tax, one of the main revenue sources for the TTF, has seen a decline in terms of taxable gallons of 12.8% from FY 2018 to FY 2022, with revenues declining even before the pandemic hit.² Increased fuel efficiency and adoption of zero emission vehicles are driving this trend. Underattainment of the gas tax means we need a new revenue source that can provide increased and steady funds to allow Maryland to meet its transit goals.

The accompanying fact sheet details the potential excess toll revenue of Maryland’s existing facilities and details about the structure of the new Rail Authority. I will just mention some highlights here:

- No changes can be made until the Attorney General confirms that there will be no impact on the Maryland Transportation Authority’s (MdTA) existing toll-backed bonds.

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

² “Motor Fuel Tax and Motor Carrier Tax Ifta Annual Report - Marylandtaxes.gov” (Comptroller of Maryland), <https://www.marylandtaxes.gov/reports/static-files/revenue/motorfuel/annualreport/FuelAnnualReportFY2020.pdf>.

- The Rail Authority would be overseen by a board including and chaired by the Secretary of Transportation.
- There are studies on “optimal tolling” that demonstrate the revenue that can be tapped without deterring use and Maryland can also follow New York in crafting discounts through EZ Pass depending on desired policy goals, such as discounts for low-income users or local residents or seniors.
- The bill states what projects would be permissible for the new Authority: MARC extensions to Western Maryland and run through service to Delaware and Northern Virginia; replacing the Baltimore & Potomac tunnel with the new Douglass tunnel; the Southern Maryland Rapid Transit system; improvements on existing MARC lines; and construction of the Baltimore Red Line. While some of us may disagree on some of the particular projects, overall the General Assembly has expressed support for each of these.
- The purpose of the cap on operating and capital for MdTA is to meet their needs and then use the excess for other purposes and to the extent the numbers in the bill are not adequate, we can work that out because the goal is not to harm the MdTA and, more importantly, its existing infrastructure.
- The bill authorizes the Authority to delegate actual operations to the Maryland Transit Administration which is appropriate and the bill is not designed to divert operational work from the MTA or disrupt MTA’s labor agreements.

Maryland desperately needs more funds for transit and a dedicated authority to implement it. Without substantial new revenue sources, Maryland will not be able to provide adequate matching funds for federal infrastructure dollars. Maryland risks missing out on the historic federal infrastructure investment if we do not make necessary changes to ensure the financial stability of our transportation system. The new Maryland Rail Investment Act of 2023 addresses this funding shortfall and establishes a rail authority that will be able to properly fund, plan and manage new transit projects throughout the state. Maryland’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 projects that the state desperately needs for the benefit of its residents, the environment, and the economy. I urge a favorable report.