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Appropriations Committee

Subcommittees

Capital Budget

Oversight Committee on Personnel

Chair, Transportation and the
Environment



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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.



TESTIMONY FOR HB0074
Transportation - Maryland Rail Authority - Establishment (Maryland Rail Investment Act of 2022)

Bill Sponsor: Delegate Korman

Committee: Appropriations

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of HB0074 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

Maryland is a very disconnected state. There is no good way to get from Frederick to Baltimore or Annapolis, or Washington, D.C. except to get in your car and drive for over an hour each way. Getting to Northern Virginia or Delaware, or even Western Maryland, is not easy. We desperately need to extend our rail service to connect our state. The Department of Transportation seems fixated on building roads. We need a separate arm to manage this expansion properly.

This bill establishes the Maryland Rail Authority, which would have jurisdiction over expanding rail commuter (MARC) service, including expansion to Newark, DE, Northern VA, and Western MD. The Authority would also oversee replacing the Baltimore and Potomac Tunnel, planning, designing, constructing and operating the Southern Maryland Rapid Transit System as well as improvements to the Brunswick, Camden and Penn lines. The Rail Authority will utilize toll revenue to fund its endeavors. That toll revenue would come from setting optimum tolls although discounts would be provided to local residents, seniors, and those exiting in certain areas.

It is our understanding that those tolls will specifically target pass-through commuters and not hurt local commuters. We expect that the Rail Authority will keep climate justice and equity at the basis of all of their work.

Maryland needs a completely new approach to transportation. We support this bill and recommend a **FAVORABLE** report in committee.

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January 31, 2023

TO: The Honorable Ben Barnes
Chair, Appropriations Committee

FROM: Hannibal G. Williams II Kemerer
Chief Counsel, Legislative Affairs, Office of the Attorney General

RE: HB 0074 Transportation – Maryland Rail Authority – Establishment
(Maryland Rail Investment Act of 2023) (Letter of Information)

The Office of Attorney General (“OAG”) takes no position on the underlying merits of House Bill 74. This Letter of Information is limited to observing that under proposed § 9-210 of HB 74, the legislation provides that the newly established “Rail Authority shall employ a general counsel who serves at the pleasure of the Secretary.” Under current law, our Office employs Assistant Attorneys General and a Principal Counsel who advise the Department of Transportation and its many modalities (e.g. Aviation Administration, Motor Vehicle Administration, Port Administration, State Highway Administration, Transit Administration, and Transportation Authority).

Having the OAG provide representation and advice to all of the modal administrations within the Department of Transportation has helped ensure consistency in the legal advice provided on the same or similar matters. If HB 74 were enacted with § 9-210 in its current form, the OAG would be advising the Secretary on MDOT matters (which may encompass the new Railroad Authority), and that advice may conflict with the advice provided by the newly authorized general counsel. We believe that such an occurrence would be suboptimal for both the MDOT and its new Rail Authority.

We hope that this information is useful to the bill Sponsor, Delegate Korman, and the Appropriations Committee Members.

cc: The Honorable Marc Korman and Committee Members



Committee: Appropriations
Testimony on: HB074-Maryland Rail Investment Act
Organization: Climate Justice Wing of the Maryland Legislative Coalition
Submitting: Laurie McGilvray, Co-Chair
Position: Favorable
Hearing Date: January 31, 2023

Dear Mr. Chairman and Committee Members:

Thank you for allowing our testimony today in support of HB074. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of over 50 grassroots and professional organizations, urges you to vote favorably on HB074.

Transportation is the largest source of Maryland's greenhouse gas emissions and vehicles are the single largest contributor. To reduce these emissions, Maryland must turn away from its heavy investment in highways and pivot to cleaner forms of transportation, including rail.

HB074 aims to do this by creating a Maryland Rail Authority (Rail Authority) to fund and implement rail and transit projects through revenue generated by Maryland's existing toll facilities that are in excess of road maintenance needs. The new Rail Authority would be able to issue bonds for these investments.

The Rail Authority, acting on behalf of the Department of Transportation, would have the power to oversee financing, construction, and operation of new rail and transit projects. The first projects would be to:

- Extend MARC commuter rail service to Newark, Delaware, Northern Virginia, and Western Maryland;
- Replace the Baltimore & Potomac Tunnel with the new Douglass Tunnel;
- Construct the Southern Maryland Rapid Transit System; and
- Improve the existing Brunswick, Camden, and Penn commuter rail lines.

HB074 complements the Maryland Regional Rail Transformation Act that the General Assembly passed in 2022 that capitalizes on federal resources for the MARC Cornerstone Plan and regional rail service. Maryland can look across the river to Virginia to see how it has taken advantage of federal dollars for rail improvements, including purchasing hundreds of miles of right-of-way for passenger rail. Maryland deserves similar investment and benefits.

We urge the Committee to recommend a **FAVORABLE** report for HB074.



**TESTIMONY TO THE HOUSE ENVIRONMENT AND TRANSPORTATION
COMMITTEE**

**HB 74 Transportation - Maryland Rail Authority - Establishment (Maryland Rail
Investment Act of 2023)**

POSITION: Support

BY: Nancy Soreng, LWVMD President

Date: January 31, 2023

The League of Women Voters of Maryland believes in achieving and maintaining cooperative working relationships among state and local agencies in order to achieve better planning and to decrease the use of single occupancy vehicles. Therefore, we agree with HB 74 that there should be a rail component as part of Maryland's Transportation Authority. When governmental agencies work together and form alliances and relationships it fosters efficiency and better decision making.

Two components of this bill stand out, powers and duties. It is important that rail be integrated into Maryland's system of transportation and assumes both being accountable for the benefits of rail as well as the responsibilities.

Maryland has a Port Administration, an Aviation Administration, isn't it time for a Rail Authority too that is integrated into our Transportation Authority? Many of the responsibilities of each component of transportation are tied to money, both how it is raised and how it is spent.

LWVMD is a strong supporter of a clean environment. Research shows that rail is both efficient at moving goods and people as well as a form of transportation that is more environmentally friendly. By including rail in Maryland's already formed systems that oversee transportation, it provides a way our state can be accountable for pollutants as well as being fiscally prudent.

Guidelines that are transparent and readily available like a Rail Authority within an established organization help everyone in Maryland. LWVMD supports and urges your affirmative vote for bill HB 74.



P.O. Box 278
Riverdale, MD 20738

Committee: Appropriations

Testimony on: HB 74 – “Transportation – Maryland Rail Authority – Establishment (Maryland Rail Investment Act of 2023)”

Position: Support

Hearing Date: January 31, 2023

The Maryland Chapter of the Sierra Club strongly supports HB 74 which would establish the Maryland Rail Authority (MRA) in the Department of Transportation. The MRA would be responsible for the supervision, financing, construction, operation, maintenance, and repair of rail projects in the state. The projects overseen by the MRA would include: improving the Brunswick, Camden, and Penn Lines of the Maryland Area Rail Commuter (MARC) service; extending MARC service to Newark, DE, Northern Virginia and Western Maryland; replacing the Baltimore and Potomac Tunnel; and designing, constructing and operating the Southern Maryland Rapid Transit System and the Baltimore Red Line.

The MRA would be funded by federal grants, revenue from “optimal” tolling at Maryland’s existing tolled highways and bridges, fare revenue, and the sale of revenue bonds. An optimal tolling strategy would involve setting tolls at or near the highest amount a user would be willing to pay, with appropriate discounts offered to commuters and others, and with sufficient funds from tolling reserved to handle road and bridge maintenance needs. Optimal tolling is used in New Jersey, New York and Pennsylvania, and is consistent with efforts increasingly promoted by transportation planners and environmental organizations nation-wide to reduce vehicle miles traveled on roadways (as people seek to avoid high tolls) and encourage greater use of rail and transit to decrease pollution and traffic congestion.

Transportation is the largest contributor to climate-disrupting greenhouse gases in Maryland and our country, and is a major source of toxic emissions that are hazardous to human health. Most of that pollution comes from the tailpipes of gas and diesel-fueled cars and trucks on the road today. Reliable rail and transit service is a far more cost-effective and environmentally friendly way for people to travel than driving cars, and better serves lower-income individuals and many young people today who don’t own a car and need reliable transportation to access jobs, housing, medical services, shopping, recreation, and entertainment. Establishing the MRA would greatly increase the amount of rail service in our state.

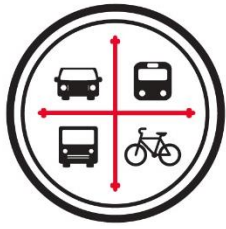
There are two additional topics worth mentioning. We like that the bill calls for identifying the type and amount of air pollution near toll facilities, and mapping the prevalence of health issues related to the presence of the pollutants. Also, we believe the MRA should have as one of its mandates the protection of the rights of all rail, construction and other workers involved in projects overseen by the rail authority.

In summary, the MRA would fund, construct and operate much-needed rail and transit projects statewide. This would get more cars off the road, be better for public health and the environment, and would lead to more prosperous and sustainable growth in our region. We urge a favorable report on this bill.

Brian Ditzler
Transportation Chair
Brian.Ditzler@MDSierra.org

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

Founded in 1892, the Sierra Club is America’s oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.



Transportation Alliance

January 31, 2023

Testimony on HB 74 – *Maryland Rail Investment Act of 2023* Appropriations Committee

Position: Favorable with Amendments

The Central Maryland Transportation Alliance would support HB 74 with certain amendments.

The tolled facilities maintained and operated by the Maryland Transportation Authority (MDTA) are important parts of Maryland's transportation system. Their benefits include providing capacity for the movement of people and goods, and providing access to jobs, services, recreation, and other destinations for people with cars and trucks. However, they also have costs, including traffic delays, impacts to public health from air pollution, and impacts to climate change. Therefore, it is appropriate and constructive to reinvest a portion of the user fees from the tolled facilities into public transportation services that will help Marylanders get places with much lower impacts to traffic, public health and the environment.

In 2022 regarding a similar bill, HB 1324, we recommended amendments to address the equity of who benefits most from the reinvestment of the toll revenues. We are pleased to see that HB 74 expands the list of transit projects that are eligible for investment.

On the other hand, we are concerned that HB 74 would grant the new Maryland Rail Authority (MRA) the authority to supervise the planning, designing, engineering, constructing, operating, and maintaining of the Red Line project in Baltimore City and Baltimore County. The Baltimore Metropolitan Council recently issued recommendations for establishing a Baltimore Regional Transit Commission and for planning the transition to a Baltimore Regional Transit Authority. We understand that Delegate Tony Bridges may introduce bills to that effect during the 2023 session. We recommend amending HB 74 to say that the MRA could participate in the financing of the Baltimore Red Line, but that the authority to supervise its planning, design, engineering, construction, operation, and maintenance should remain with the Maryland Transit Administration. Should there be legislation to reform the governance of the MTA's core services it can address the authority over the Red Line project.