



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

ANDREW FRIEDSON
COUNCIL PRESIDENT

CHAIR, PLANNING, HOUSING AND PARKS COMMITTEE
GOVERNMENT OPERATIONS AND FISCAL POLICY COMMITTEE

January 19, 2024

Delegate Ben Barnes
Chair, House Appropriations Committee
6 Bladen Street, Room 121
Annapolis, Maryland 21401

Re: Support for HB198, The Maryland Metro Funding Act of 2024

Dear Chair Barnes,

We are writing to express our support for the Maryland Metro Funding Act of 2024. Metro is a vital service to millions of residents in Montgomery County and Maryland and a catalyst for mobility, connectivity, and growth in the greater Washington, D.C. metropolitan area. Last fall, news broke that Metro is facing a significant operating budget gap largely driven by increased operating costs related to inflation, reduced fare revenue resulting from ridership that is still below pre-pandemic levels, and a reduced baseline budget due to budget credits, or refunds, provided to Maryland and the other jurisdictions early during the COVID-19 pandemic. As part of the Washington Metropolitan Area Transit Authority (WMATA) Compact that created Metro, Maryland is a funding jurisdiction and will be a part of discussions over how to address this challenge.

The Maryland Metro Funding Act of 2024 does not appropriate any funds. Rather, it addresses a legal issue with Metro's operating subsidy cap that currently inhibits the State's ability to increase funding. When the legislature passed dedicated funding for Metro in 2018, it included an operating subsidy cap of 3% increases a year with various exceptions. The cap has not worked precisely as intended for several reasons, including the significant pandemic-related inflation, but also because the credits back to the jurisdictions provided during the pandemic meant the permissible increases were calculated from artificially low levels. The Maryland Department of Transportation included WMATA operating increases in its revised draft transportation budget released in December and its budget submitted in January. As you know, they call for fiscal year 2025 and 2026 increases of \$150 million and a fiscal year 2027 increase of \$250 million. Although those increases are sorely needed, they violate the statutory operating cap.

This Maryland Metro Funding Act of 2024 is a starting point as the State and region grapple with Metro's operating funding issues. The legislation shifts the new baseline for the cap to Fiscal Year 2026, resetting the base figure to which it applies. This will ensure that Metro's funding level is more predictable and in line with the legislature's intentions when the original dedicated funding bill was passed.

As Metro continues to recover from the pandemic, we must ensure that the dedicated funding stream is adequate to meet the system's future needs. In the face of Metro's larger fiscal challenges, it is necessary that the

legislature fixes the issues surrounding Metro's operating subsidy cap to provide Metro more clarity and stability regarding the funding it can expect annually. We urge you and the committee to provide a favorable report on this legislation.

Sincerely,



Andrew Friedson
Council President



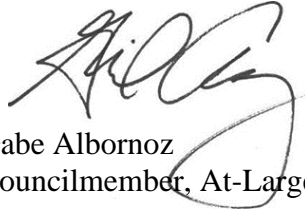
Natali Fani-Gonzalez
Councilmember, District 6



Marilyn Balcombe
Councilmember, District 2



Evan Glass
Chair, T&E Committee



Gabe Albornoz
Councilmember, At-Large



Laurie-Anne Sayles
Councilmember, At-Large



Sidney Katz
Councilmember, District 3



Kate Stewart
Council Vice President



Dawn Luedtke
Councilmember, District 7



Kristin Mink
Councilmember, District 5



Will Jawando
Councilmember, At-Large