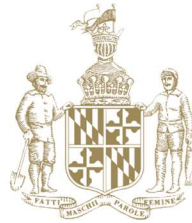


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Maryland Metro Funding Act of 2024 (HB 198)
Testimony of Delegate Marc Korman—Favorable

Thank you Mr. Chair, Mr. Vice Chair and members of the Appropriations Committee. I come before you today to present the Maryland Metro Funding Act of 2024 (HB 198). As you all know, Metro is facing a large operating budget gap with three primary drivers: First, increased operating costs related to inflation; Second, ridership that is still below pre-pandemic numbers which has reduced fare revenue; and Third, budget credits—refunds—provided to Maryland and the other jurisdictions early in COVID which have reduced the baseline budget. As part of the Washington Metropolitan Area Transit Authority (WMATA) Compact that created Metro, Maryland is a funding jurisdiction so we will be a part of discussions over how to address this challenge. The Maryland Metro Funding Act of 2024 does not appropriate any funds but addresses a legal issue with Metro's operating subsidy cap that inhibits our ability to add more funds if you deem that worthy through your budget process.

As you may know, when the legislature passed dedicated funding for Metro in 2018 we 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 COVID-related inflation but also because of how those credits back to the jurisdictions provided during COVID meant the permissible increases were calculated from artificially low levels. The Maryland Department of Transportation included WMATA operating increases as part of the revised draft transportation budget released in December and included in the budget submitted in January. As you know, they call for fiscal year 2025 and 2026 increases of \$150 million and fiscal year 2027 of \$250 million, although this will all be subject to regional negotiations. However, although those increases are sorely needed, they actually violate the statutory operating cap.

The Maryland Metro Funding Act of 2024 is an opening effort to address the issue as we deal 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 what the legislature intended when we originally passed dedicated funding. The bill was drafted before the Administration's stepped increase plan was announce so the fiscal year will need to be adjusted. We may have other proposed amendments as well and we look forward to discussing those with the subcommittee and other interested members.

Metro is a crucial resource for millions of Marylanders who rely on the service to get to work

each day. Metro's service has proven vital to maintaining operations during the COVID-19 pandemic. 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 fix the issues surrounding Metro's operating subsidy cap to provide Metro more clarity and stability regarding the funding it can expect annually. I urge a favorable report.