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THE MARYLAND HOUSE OF DELEGATES
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The Maryland Toll Rate Reform Act of 2024 (HB1070)
Testimony of Delegate Marc Korman – Favorable

Thank you, Mister Chair, Mister Vice Chair, and Budget & Taxation Committee members. I come before the committee today to discuss HB 1070, the Maryland Toll Rate Reform Act of 2024. During the interim, I served on the Transportation Revenue and Infrastructure Needs (TRAIN) Commission, which was tasked with evaluating and making recommendations on sustainable, long-term transportation funding options. In its interim report published in January, the TRAIN Commission identified tolls as one possible source of funding. The Commission recommended that the General Assembly consider requiring the Maryland Transportation Authority (MdTA) to adjust toll rates, including on out-of-state E-Z Passes, to generate new revenue to support projects throughout Maryland's broader transportation system. This legislation seeks to implement that recommendation. As amended in the House, it requires MdTA to transfer \$75 million to the state's Transportation Trust Fund (TTF) annually, up to a total of \$750 million, after certifying that they are meeting all financial and maintenance obligations.

I recognize that toll increases will have a significant impact on many people in the state. Currently, MdTA is statutorily required to propose commuter discounts when making changes to toll rates. This bill goes beyond that, requiring MdTA to additionally consider discounts for Maryland E-ZPass holders. But we need to be honest that there are few good options when it comes to raising the significant revenue necessary to maintain our current transportation network and build the future infrastructure we want. Like all of you, I am concerned about the state of our transportation system and the budget projections that we have seen. The Department of Transportation's draft budget plan last year had a \$3 billion funding gap. As introduced in January, significant cuts and fee increases have been put in place. Although some of the most severe budget reductions have been avoided for a year with one-time General Fund support of \$150 million, those cuts such as reducing our Highway User Revenue commitments and not meeting the Maryland Transit Administration's state of good repair requirements will return next year. Frankly, the cuts that the Department of Transportation will have to make in future years without changes to their revenue forecast would be devastating for all of our constituents. Maryland urgently requires new, sustainable sources of revenue to ensure that we can meet our state's transportation needs.

This method of revenue generation addresses two decisions made regarding the MdTA in previous decades. The first was a transfer of funds from the Transportation Trust Fund to the Authority for construction of the Intercounty Connector. This bill simply requires that, as a self-sufficient agency, the Authority pay back the \$750 million in funds transferred to them from the TTF. The second was Governor Hogan's decision in 2015 to cut tolls, despite warnings about the financial consequences. Senate President Mike Miller declared at the time that Governor Hogan

was “mortgaging the future” and “pushing off the costs to future generations of governors and legislators.” Now, facing aging infrastructure, significant operating costs, and a growing transportation funding deficit, we have reached the day when we must contend with the results of this choice: more than \$500 million that did not go into maintaining our transportation system and that can never be recovered. So, I am here to tell you that, regardless of this bill, tolls will go up. I just want to see that happen in a way that maximizes our ability to invest in transportation.

This legislation will not negatively impact the MdTA’s ability to meet federal requirements, maintain its facilities, and remain in good financial standing. Under the bill, the MdTA is only authorized to transfer funds after meeting all financial obligations, including current expenses, debt service obligations, and maintenance and operations reserve requirements. Furthermore, the Authority must certify annually that it is adequately maintaining all toll facilities and that the transferred funds will be utilized for eligible expenses, as defined by federal law. Maryland would be far from the first state to use toll facility revenue to fund transportation projects outside of the toll authority’s jurisdiction. Several other states use toll facility revenue for other purposes in this fashion, including Virginia, Pennsylvania, and New York. Virginia’s Commuter Choice program, for example, has allocated more than \$100 million to transit projects in the region since its establishment in 2017, funded entirely by toll revenues from express toll lanes. In Pennsylvania, \$50 million is dedicated annually from the Pennsylvania Turnpike Commission to public transit projects.

A comprehensive, safe, and functional transportation system is integral to Maryland’s efforts to reach our environmental goals and expand our economy. It requires sustained investment in transit, in maintenance and repair of existing infrastructure, and in support to local jurisdictions to ensure they have sufficient resources. Establishing funding transfers from the Maryland Transportation Authority to the Transportation Trust Fund would allow the Department of Transportation to address the most severe budget reductions and minimize the impact of the budget deficit for all of our constituents. I urge a favorable report on HB 1070, the Maryland Toll Rate Reform Act of 2024.