

HB1070_Maryland_Toll_Rate_Reform_Act_of_2024_MLC_F

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Position: FAV



TESTIMONY FOR HB1070 Maryland Toll Rate Reform Act of 2024

Bill Sponsor: Delegate Korman

Committee: Environment and Transportation, Budget and Tax

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Aileen Alex, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of HB1070 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.

The Maryland Toll Rate Reform Act of 2024 addresses recommendations from the Transportation Revenue and Infrastructure Needs Commission. It requires the Maryland Transportation Authority (MdTA) to maximize toll revenues to generate funding for the maintenance and operation of its toll facilities.

Surplus revenues are to go to the Transportation Trust Fund to construct or maintain state highways that feed traffic to MdTA facilities or construct or maintain state highway or transit projects that serve as alternatives to the facilities.

The revenues flowing into the state's dedicated Transportation Trust Fund have declined. That account, which pays for highway and transit projects as well as for Baltimore's transit system and WMATA, is built on revenues from the state's gas tax and other taxes and fees. People are driving electric vehicles and keeping their cars longer, impacting our transportation funding.

Some of the toll increases being considered are modest and would generate only \$80 to \$90 million. This is a small, but important, plug in the transportation budget impacted by cost of our Blueprint for education. Our Coalition supports both these funding priorities.

We recommend a **FAVORABLE** report in committee.

Governor's Office Testimony-Support 1070.docx.pdf

Uploaded by: Eric Luedtke

Position: FAV



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March 26, 2024

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

Chairman Guzzone, Vice Chair Rosapepe, and Honorable Members of the Budget and Taxation Committee,

The Administration appreciates the Committee's work on House Bill (HB) 1070, Maryland Transportation Authority - Tolls - Collection and Use (Maryland Toll Rate Reform Act of 2024). The Administration offers the following comments in support of HB 1070, as amended.

As amended, House Bill 1070 requires the Maryland Transportation Authority (MDTA) to transfer a certain amount of funds annually beginning on July 1, 2025, to the Transportation Trust Fund, provided certain conditions are met. The MDTA would only make the transfers until the MDTA has made a certain cumulative amount of payments. The bill increases the MDTA revenue bond cap and authorizes the MDTA to offer certain toll discounts under certain circumstances. The proposed transfers to the Transportation Trust Fund would end once the MDTA has transferred total cumulative payments in the amount of \$750,000,000. This amount is equivalent to the GARVEE bond funding transferred in previous years from MDOT to MDTA to build the Inter-County Connector. The funds shall be transferred only after the MDTA has met all of its existing financial obligations as required under its Trust Agreement, as well as other supplemental trust agreements or financial obligations.

As amended, House Bill 1070 raises the MDTA's bond cap to \$3,750,000,000 to recognize the need for increased revenue-raising capacity and enhance MDTA's ability to improve MDTA-owned facilities in compliance with its Trust Agreement. Lastly, House Bill 1070, as amended, preserves compliance with Title 23 U.S.C. Section 129, which limits the use of Federal Aid funds.

The Administration respectfully requests a favorable report on House Bill 1070, as amended.

Yours in Service,
Eric Luedtke
Chief Legislative Officer

HB1070Korman_Tolls_FactSheet_Senate.pdf

Uploaded by: Marc Korman

Position: FAV

MARC KORMAN
Legislative District 16
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Chair
Environment and Transportation
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Rules and Executive
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THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

The Maryland Toll Rate Reform Act of 2024 (HB1070) Fact Sheet

What does the bill do?

The Maryland Toll Rate Reform Act of 2024 requires the Maryland Transportation Authority (MdTA) to transfer \$75 million to the Transportation Trust Fund (TTF) annually, up to a total of \$750 million. This will function as a repayment for the \$750 million transferred from the TTF to the MdTA for construction of the Intercountry Connector, one of the MdTA's facilities. Prior to transferring any funds, the Authority will have to certify that they are maintaining their toll facilities and meeting all financial obligations.

Why does the state transportation system need more revenue? Why are tolls being raised?

Over the past two decades, aggregate gasoline consumption has stagnated due to improvements in vehicle fuel efficiency and adoption of zero-emission vehicles. The impact of this is an erosion in motor fuel tax revenue. The motor fuel tax has historically made up the largest share of state transportation revenue. In 2022, it made up 38.4% nationally, down from 41.1% in 2018.¹ In Maryland, the Department of Transportation estimated that motor fuel taxes would constitute 23.1% of Transportation Trust Fund revenues between FY23 and FY28. Excluding federal funds, the share of motor fuel tax revenue in the TTF is 30%.²

Additionally, in 2015, despite warnings that the decision would ultimately result in toll hikes and hinder the state's ability to address aging transportation infrastructure, then-Governor Hogan chose to lower toll rates.³ These cuts have cost the state more than \$500 million since their implementation, one factor that has resulted in the state's

¹ NCSL Staff, "Road Worries: Sagging Gas Tax, Rising Traffic Safety Woes," National Conference of State Legislatures, April 21, 2023, <https://www.ncsl.org/state-legislatures-news/details/road-worries-sagging-gas-tax-rising-traffic-safety-woes-2>.

² Maryland Department of Legislative Services, *Maryland Department of Transportation Fiscal 2024 Budget Overview*, Annapolis, MD: Maryland General Assembly (2023), 9, <https://mgaleg.maryland.gov/pubs/budgetfiscal/2024fy-budget-docs-operating-J00-Maryland-Department-of-Transportation-Overview.pdf>.

³ Lori Aratani and Ovetta Wiggins, "Maryland cuts tolls on Bay Bridge, ICC, and other roadways," *Washington Post*, May 7, 2015, https://www.washingtonpost.com/local/trafficandcommuting/hogan-slashes-tolls-in-maryland/2015/05/07/096cd64e-f4d0-11e4-bcc4-e8141e5eb0c9_story.html.

transportation system budget deficit.⁴ According to the Authority, tolls will need to be raised to meet existing financial obligations by FY29.⁵ Furthermore, \$750 million from the TTF, in the form of GARVEE bonds, was transferred to MdTA in order to build the Intercounty Connector.

Funding needs are only growing including Maryland's substantial operating commitment to two urban transit systems, the capital backlog across multiple modes, and the desire to embark on significant projects such as the Baltimore Red Line, MARC rail improvements, the Frederick Douglass Tunnel, roadway improvements and so on.

The legislature has looked to the General Fund in recent years to offset increasing transportation expenditures and declining revenues. In 2020, the legislature allocated \$40 million from the General Fund to the Howard Street Tunnel Project.⁶ In 2022, the legislature increased the portion of corporate income tax revenue that must be distributed to the Gasoline and Motor Vehicle Revenue Account⁷ and allocated part of the revenue from the State Lottery Fund to the Department of Transportation for bus rapid transit system grants.⁸ State support for the Washington Metropolitan Area Transit Authority (WMATA) has also come from General Funds and bond premiums.⁹ In 2023, \$100 million from the General Fund was allocated to fund certain transportation priorities.¹⁰ Further reallocations from the General Fund are not a long-term or sustainable solution as they require a parallel decrease in other General Fund expenditures.

As a motor fuel tax increase and further General Fund reallocations are not viable options for a sustainable revenue stream that can meet Maryland's transportation investment needs, other revenue sources and financing mechanisms will have to be leveraged.

⁴ Hannah Gaskill and Lia Russell, "After a decade of no increases, Maryland may need to raise toll prices," *The Baltimore Sun*, September 20, 2023, <https://www.baltimoresun.com/2023/09/20/after-a-decade-of-no-increases-maryland-may-need-to-raise-toll-prices/>.

⁵ Maryland Department of Legislative Services, *J00J00 – Maryland Transportation Authority Operating Budget Analysis*, Annapolis, MD: Maryland General Assembly (2024), 21, <https://mgaleg.maryland.gov/pubs/budgetfiscal/2025fy-budget-docs-operating-J00J00-Maryland-Transportation-Authority.pdf>.

⁶ Maryland Department of Legislative Services, *Fiscal Briefing*, by Hiram L. Burch, et al., Annapolis, MD: Maryland General Assembly (2020), 30, <https://mgaleg.maryland.gov/Pubs/BudgetFiscal/2020rs-operating-budget-fiscal-briefing.pdf>.

⁷ Maryland General Assembly, *Transportation – Highway User Revenues – Revenue and Distribution*, CH 240, 2022 Regular Session, https://mgaleg.maryland.gov/2022RS/Chapters_noln/CH_240_hb1187e.pdf.

⁸ Maryland General Assembly, *Economic Development – Sports Entertainment Facilities and Events, Prince George's County Blue Line Corridor Facilities, and Racing Facilities*, CH 61, 2022 Regular Session, https://mgaleg.maryland.gov/2022RS/Chapters_noln/CH_61_hb0897t.pdf.

⁹ Maryland Department of Legislative Services, *J00A104 – Maryland Department of Transportation – Washington Metropolitan Area Transit Authority Operating Budget Analysis*, Annapolis, MD: Maryland General Assembly (2023), 15, <https://mgaleg.maryland.gov/Pubs/BudgetFiscal/2024fy-budget-docs-operating-J00A0104-MDOT-WMATA---Operating-Budget.pdf>.

¹⁰ Maryland General Assembly, *Budget Bill (Fiscal Year 2024)*, CH 101, 2023 Regular Session, https://mgaleg.maryland.gov/2023RS/Chapters_noln/CH_101_hb0200e.pdf.

Will this requirement impact the Authority's ability to maintain its own facilities and meet federal requirements?

No. The MdTA 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. Furthermore, the Authority can only transfer funds after meeting all financial obligations, including current expenses, debt service obligations, and maintenance and operations reserve requirements.

Do other states use toll revenue to fund transportation projects outside of the toll authority's jurisdiction?

Yes, many states in the surrounding region use toll revenue to fund their broader transportation network. Since 2007, Pennsylvania has used nearly \$8 billion in revenue generated by the Pennsylvania Turnpike Commission (PTC) to fund statewide transportation projects. As of 2022, \$50 million is dedicated annually to public transit projects.¹¹ The New York Metropolitan Transit Authority (MTA) uses surplus toll revenues from MTA Bridges and Tunnels (B&T) to support MTA's public transit needs.¹² In 2019, B&T toll revenues provided \$1.14 billion to MTA transit.¹³ In 2019, the New York state legislature passed a congestion pricing plan for New York City tolls into Manhattan, which will go into effect later this year. Tolls will vary depending on demand and will be charged on vehicles entering Manhattan's central business district, south of 60th Street, with discounts for low-income drivers.¹⁴ It is expected to raise \$1 billion annually¹⁵, 80% of which will go to subway and bus improvements and 20% to commuter rail¹⁶.

New Jersey is using tolls to finance its portion of the Gateway Tunnel project, a series of rail projects between Newark, New Jersey, and Penn Station.¹⁷ The New Jersey Turnpike Authority, which collects tolls on the New Jersey Turnpike and the Garden State

¹¹ "Act 44 Plan," Pennsylvania Turnpike Commission, <https://www.paturndpike.com/about-us/investor-relations/act-44-plan>.

¹² "2022 New York Laws :: PBA - Public Authorities :: Article 5 - Public Utility Authorities :: Title 9 - New York City Transit Authority :: 1219-A - Transfer and Receipt of Surplus Funds.," Justia Law, <https://law.justia.com/codes/new-york/2022/pba/article-5/title-9/1219-a/>.

¹³ "MTA Bridges and Tunnels," Metropolitan Transit Authority, accessed February 12, 2024, <https://new.mta.info/agency/bridges-and-tunnels>.

¹⁴ "Central Business District Tolling Program," Metropolitan Transit Authority (MTA), accessed February 12, 2024, <https://new.mta.info/project/CBDTP>.

¹⁵ Michelle Kaske, "NYC's Controversial \$15 Congestion Tax Wins Initial Approval," Bloomberg, December 6, 2023, <https://www.bloomberg.com/news/articles/2023-12-06/nyc-s-congestion-pricing-tolling-structure-gets-initial-approval>.

¹⁶ "Why New York City Needs Central Business District Tolling," Metropolitan Transit Authority (MTA), accessed February 12, 2024, <https://new.mta.info/project/CBDTP/why-NYC-needs-central-business-district-tolling>.

¹⁷ "The Gateway Program," Amtrak, accessed February 12, 2024, <https://www.amtrak.com/gateway-program>.

Parkway, will make an annual \$81 million payment on loans to fund the state's portion.¹⁸ The New Jersey portion of the project, estimated at \$2.3 billion, was originally going to be funded by fare increases for transit riders.

Virginia has a system of allocating toll revenue to support transit through the Northern Virginia Transportation Commission (NVTC). The NVTC is an independent government agency that serves Loudon, Fairfax, and Arlington counties, as well as the cities of Alexandria, Falls Church, and Fairfax.¹⁹ The Commission administers the Commuter Choice program which uses toll revenues from the I-66 and I-395/95 express toll lanes to fund transit projects that benefit users of the toll road.²⁰ Local jurisdictions apply for funds from the Commuter Choice program and the NVTC evaluates and chooses projects based on merit and the region's transportation priorities.²¹ Since its establishment in 2017, the Commuter Choice program has allocated more than \$100 million to almost 60 transit projects.²² These projects have included expanded bus service in Fairfax and Loudon counties, bicycle access, and more.²³

Toll raises will have a significant impact on many people in the state. How does the bill account for the impact on Marylanders?

The MdTA is currently statutorily required to provide information on proposed commuter discounts when setting or revising toll rates. This legislation additionally requires that the MdTA consider offering discounted rates for Maryland E-ZPass account holders.

¹⁸ Larry Higgs, "N.J. Turnpike negotiates paying \$81M a year for new rail tunnel loan," January 19, 2022, <https://www.nj.com/news/2022/01/nj-turnpike-negotiates-paying-81m-a-year-for-new-rail-tunnel-loan.html>.

¹⁹ "Commuter Choice," Northern Virginia Transportation Commission, <https://novatransit.org/programs/commuterchoice/>.

²⁰ Ibid

²¹ Ibid

²² Mischa Wanek-Libman, "VRE approved for \$20 million in funding through I-395/95 Commuter Choice program," *Mass Transit Magazine*, June 5, 2023, <https://www.masstransitmag.com/rail/infrastructure/article/53062421/vre-approved-for-20-million-in-funding-through-1-395-95-commuter-choice-program>.

²³ Stephen Repetski, "With Less Toll Money, Northern Virginia Looks to Fund a Pared-Back Transit Project List," Greater Greater Washington, September 4, 2020, <https://ggwash.org/view/78925/with-less-toll-money-northern-virginia-looks-to-fund-pared-back-transit-project-list>.

HB1070Korman_Tolls_Testimony_Senate.pdf

Uploaded by: Marc Korman

Position: FAV

MARC KORMAN
Legislative District 16
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Rules and Executive
Nominations Committee



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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.

HB 1070 Maryland Toll Rate Reform Act (Senate B&T)

Uploaded by: Michael Jerakis

Position: FAV

March 25, 2024

The Honorable Guy Guzzone
Chair, Budget and Taxation Committee
Maryland State Senate

Re: Support for House Bill 1070 – Maryland Toll Rate Reform Act of 2024

Dear Chair Guzzone and Committee Members,

On behalf of the Greater Washington Partnership (the Partnership), I am writing to express our support for HB 1070. This bill would require the Maryland Transportation Authority (MDTA) to adjust toll rates to generate funding for the operation and maintenance of its tolled roads, bridges and tunnels while also making needed contributions to Maryland’s statewide Transportation Trust Fund (TTF).

The Partnership is a first-of-its-kind nonprofit alliance of the region’s leading employers in Maryland, Virginia, and Washington, DC. In 2018, the Partnership released the [Blueprint for Regional Mobility](#), an action-oriented strategy to transform our region’s transportation system into an asset that ensures our global competitiveness, expands access to opportunity, and removes barriers to mobility from Baltimore to Richmond. More recently, we have partnered with the Greater Baltimore Committee to advance a vision for [Baltimore’s Transit Future](#). Both initiatives call for adequate and sustainable funding for a transportation system that can create shared prosperity and catalyze economic growth.

Maryland is facing a significant transportation funding deficit, estimated at more than \$3 billion over the next six years. While the Governor’s proposed budget minimizes the impact for FY25, the cuts that the Department of Transportation will have to make in future years without additional TTF revenues would be devastating for the state – putting state of good repair work for existing assets at risk, while making investment in new, transformative opportunities even more difficult.

This bill is in alignment with an interim recommendation of the Maryland Commission on Transportation Revenue and Infrastructure Needs (TRAIN Commission) to adjust toll rates to generate new revenue for transportation assets supported by MDTA while also bolstering the TTF.¹ In this constrained budget environment, passage of this measure is a necessary first step to address near- and long-term transportation funding challenges. As passed by the House, this bill would provide a predictable stream of transfers from MDTA to the TTF, supporting a more equitable and economically competitive transportation system.

For these reasons, we urge a **favorable** report on HB 1070. Thank you for your consideration and shared commitment to developing solutions for Maryland’s transportation funding challenge, as well as making this region the best place to live, work, and build a business.

Contact: Thomas J. Maloney
Vice President, Policy & External Affairs
tmaloney@greaterwashingtonpartnership.com

¹ See Recommendation 3, [TRAIN Commission 2023 Interim Report](#).



Testimony in support of crossover bill HB1070.pdf

Uploaded by: Richard KAP Kaplowitz

Position: FAV

CROSSOVER BILL HB1070_RichardKaplowitz_FAV

3/26/2024

Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON CROSSOVER BILL HB#/1070 – FAVORABLE

Maryland Transportation Authority - Tolls - Collection and Use (Maryland Toll Rate Reform Act of 2024)

TO: Chair Guzzone, Vice Chair Rosapepe and members of the Budget and Taxation Committee

FROM: Richard Keith Kaplowitz

My name is Richard K. Kaplowitz. I am a resident of District 3. I am submitting this testimony in support of CROSSOVER BILL HB#1070, Maryland Transportation Authority - Tolls - Collection and Use (Maryland Toll Rate Reform Act of 2024)

Maryland Matters reported on the many reasons this bill should be favorably considered by this committee.

“House Environment and Transportation Chair Marc Korman (D-Montgomery) said the “end result” of the bill will be “to repay the taxpayers of Maryland and allow us to do what many other states do, which is leverage our toll facilities for our broader transportation needs... The House bill requires the tolling authority to transfer \$75 million annually into the trust fund for 10 years. Korman said the transfer repays \$750 million that was pulled from the trust fund to pay for construction of the Intercountry Connector highway... Korman said toll increases are coming no matter what. “We could vote this bill down right now and have it be dead forever, and the tolls will still be going up within the next few years,” said Korman. Korman said the transportation authority will have to increase tolls by 2028 even if the House did not pass the bill. “No matter what we do, tolls are going up now,” Korman said to Buckel. “Will this alter how they have to raise the tolls? Maybe a little bit on the margins, but they got to raise the tolls regardless. But the reality is these toll facilities and their debt costs money.”¹

The Transportation Funding for Maryland is facing a large deficit as further reported by Maryland Matters. “County officials and legislators are lashing out at a plan to cut billions in transportation projects across the state. State Transportation Secretary Paul Wiedefeld, in an interview Tuesday, said the department is **forced to address \$3.3 billion in shortfalls**. To close the gap over the current six-year spending plan, the agency will impose across the board budget cuts, hiring freezes, fee and parking rate increases as well as defer hundreds of millions in projects across the state.”²

More revenue must be found for our state’s transportation needs! **I respectfully urge this committee to return a favorable report and pass CROSSOVER BILL HB1070.**

¹ <https://www.marylandmatters.org/2024/03/16/house-gives-preliminary-approval-to-tolling-gaming-bills-as-deadline-nears/>

² <https://www.marylandmatters.org/2023/12/05/county-state-leaders-lash-out-at-3-3-billion-in-transportation-cuts/>

HB1070 Opposition.pdf

Uploaded by: David Morsberger

Position: UNF

David Morsberger
Davidsonville, Maryland
Anne Arundel County

OPPOSE – Do not vote in favor of HB1070 in committee.

HB1070 - Maryland Transportation Authority - Tolls - Collection and Use

Maryland and Anne Arundel County residents do not need more taxes (yes, fees paid to the Government are taxes).

Notes from the Fiscal and Policy Note (**BOLD** emphasis mine):

State Fiscal Effect:

Maryland Transportation Authority and Transportation Trust Fund

While not explicitly required by the bill, MDTA advises that the transfer of \$75.0 million annually to TTF beginning on July 1, 2025, **likely requires (1) toll rates to be increased sooner than they otherwise would be under current law and/or (2) the issuance of additional bonds under the authority granted by the bill.** Thus, nonbudgeted revenues for MDTA are anticipated to increase significantly (potentially by \$75.0 million or more annually to ensure that MDTA can complete the required transfers) beginning as early as fiscal 2025. **A precise estimate of the increase in nonbudgeted revenues is unknown.** The ultimate impact depends on numerous unknown factors, including the extent to which MDTA increases toll rates, whether MDTA chooses to implement any discounts for daily commuters or Maryland E-ZPass holders, and the timing and amount of any additional bonds issued by MDTA.

State Agency Toll

Costs To the extent that MDTA increases its tolls in order to be able to complete the required transfers to TTF, expenditures for State agencies that regularly use, or reimburse their employees for using, MDTA's toll facilities increase to pay the higher toll rates. **The magnitude of any such impact, however, is unknown**

Local Expenditures: Similar to the effect discussed above for State agencies, expenditures for local governments that regularly use, or reimburse their employees for using, MDTA's toll facilities may increase to pay higher toll rates; however, **the magnitude of any such impact is unknown.**

Small Business Effect: **Similar to the effect discussed above on State agencies and local governments, small businesses that regularly use MDTA's toll facilities may incur an increase in costs to pay tolls** to the extent that MDTA increases its tolls as a result of the bill.

Maryland and specifically Anne Arundel County residents and businesses are currently struggling financially. We cannot at this time put an **UNKNOWN** financial burden on them.

In addition, that creates an **UNKNOWN** financial expense on state and local government agencies that must be accounted for during their budget planning and tracking.

I request that you **DO NOT VOTE IN FAVOR** of HB1070 in committee

BaltimoreCounty_LOI_HB1070.pdf

Uploaded by: Shawn Vinson

Position: INFO



JOHN A. OLSZEWSKI, JR.

County Executive

JENNIFER AIOSA
Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

WILLIAM J. THORNE
Legislative Associate

BILL NO.: **HB 1070**

TITLE: Maryland Transportation Authority – Tolls – Collection and Use
(Maryland Toll Rate Reform Act of 2024)

SPONSOR: Delegate Korman

COMMITTEE: Senate Budget & Taxation

DATE: March 26, 2024

Baltimore County understands the State’s challenging transportation funding deficiencies, and the need to develop strategies to more sustainably fund, operate, and maintain myriad transportation facilities, including tunnels, bridges, transit systems, and highways to serve Marylanders. Indeed, we have seen how significant reductions in state transportation funding to local jurisdictions continue to limit our ability to assist in managing our shared transportation network.

We recognize that evaluating potential increases to existing tolls, fees, fares, and transportation-related charges could be part of potential solutions. However, efforts to address deficiencies in the Transportation Trust Fund (TTF) must account for where revenues are generated and be mindful of regional equity in the allocation of funds. In the most recent Consolidated Transportation Program (CTP), Baltimore County has been negatively impacted by a de-prioritization of Baltimore region transportation projects, seeing substantial cuts to top priorities even as hundreds of millions have been re-allocated to cover cost overruns on the now \$10 billion Purple Line project. HB1070, as amended by the House, further exacerbates regional equity concerns by diverting revenues largely raised in the Baltimore region and making them available for Statewide allocation.

In 2023, the Maryland Transportation Authority (MdTA) reported revenues from their Maryland toll facilities, six of which are located in the Baltimore region. These six toll facilities, which include the Harbor and Fort McHenry Tunnels, the Key Bridge, portions of I-95 in Baltimore County, and the Hatem Bridge make up just over 80% of the 2023 reported toll revenue. Yet, HB 1070 as amended in the House, increases bond capacity against these tolls to transfer specifically earmarks much of that revenue to the Intercounty connector in the Washington, DC suburbs.

The Baltimore region is **already** exceedingly underfunded when it comes to transportation. Cuts in Highway User Revenues (HUR) hurt Baltimore City the most and has meant a loss of nearly \$450 million to Baltimore County since 2009. Baltimore County receives less than \$1 million a year in Locally Operated Transit System (LOTS) funding, woefully behind our peers despite being the third most populous jurisdiction in the State¹. Our top transportation priority, the I-795 Northwest Expressway at Dolfield Boulevard, was cut by nearly \$120 million in the most recent CTP, while just a few weeks ago over \$400 million was added to cover cost overruns for the Purple Line project. Toll revenue, disproportionately earned in the Baltimore Region, would be available for broad reallocation outside of the Baltimore region if this legislation is to pass as amended. Given the above referenced points, HB1070 as amended in the House, is unfair, inequitable, and unsustainable.

Countless residents within the Baltimore region, including some of the State's poorest residents, must utilize these toll facilities daily to get to work, school, and health care. Their daily tolls should not be increased in order to pay for large roadway projects that they will never use. In fact, rather than contemplate a re-allocation of Baltimore-area toll resources, we firmly believe that many Baltimore area residents from communities such as Edgemere, Dundalk, and Brooklyn, who must cross the Key Bridge frequently as part of their daily lives, should be afforded significantly reduced toll options, similar to that afforded residents who rely on the Hatem Bridge.

In summary, in order to sustainably and responsibly address Maryland's long-term transportation funding needs, the State cannot piecemeal revenues for specific projects. We must, instead take stock of changes in revenue streams and prioritize transportation funds for the most critical projects, including ensuring bridge, tunnel, and roadway safety, expanding transit in population centers to reduce congestion and air pollution, and mitigate climate change. We must evaluate equitable solutions that neither disproportionately impact residents from poor or overburdened communities, nor pits one region against another for finite transportation resources.

For more information, please contact Jenn Aiosa, Director of Government Affairs, at jaiosa@baltimorecountymd.gov.

¹ For context, Montgomery County receives nearly \$50 million in annual LOTS funding