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The Maryland Toll Rate Reform Act of 2024 (HB1070)
Testimony of Delegate Marc Korman – Favorable

Thank you, Madam Chair, Environment and Transportation Committee colleagues, and Appropriations Committee guests. 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 maximize toll revenues to generate new revenue to support projects throughout Maryland's broader transportation system. This legislation seeks to implement that recommendation. It requires MdTA to maximize revenues at the near optimal rate by examining the availability and capacity of alternative routes, the type of drivers that make up the individual facility's traffic, and their ability and willingness to pay. It requires MdTA to consider varying toll rates based on the time of day, day of the week, and season.

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 seniors, low-income residents, Maryland E-ZPass holders, and state residents who live in the vicinity of the transportation facility. 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 an over \$2 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.

The revenue that MdTA generates from tolls is used to maintain and operate their facilities as well as pay off construction bonds. Under this legislation, any revenue generated above what is necessary to comply with their statutory requirements will be allocated to a fund within the

Transportation Trust Fund. The Department of Transportation will then be able to use the revenue to improve the transportation network around MdTA facilities, including construction or maintenance of state highways that feed traffic directly to these facilities and construction or maintenance of state highway or transit projects that serve as alternate routes. 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.

That said, the primary use of the tolls will be for toll facilities. Nine years ago, ignoring warnings about the financial consequences of his decision, Governor Hogan chose to cut tolls. 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. I urge a favorable report on HB 1070, the Maryland Toll Rate Reform Act of 2024.