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January 28, 2025

The Honorable Ben Barnes  
Chair, House Appropriations Committee  
120 Taylor House Office Building  
Annapolis, MD 21401

***RE: Letter of Support with Amendment – House Bill 105 – Department of Transportation – Grant Anticipation Revenue Vehicle Bonds – Light Rail Replacement Vehicles***

Dear Chair Barnes and Committee Members:

The Maryland Department of Transportation (MDOT) supports House Bill 105 and offers the following information and amendment for the Committee’s consideration.

House Bill 105 expands the list of projects for which MDOT may issue Grant Anticipation Revenue Vehicle (GARVEE) Bonds to include the replacement of light rail vehicles.

MDOT supports the intent of House Bill 105 to include the replacement of light rail vehicles as an authorized use of GARVEE bonds and respectfully requests an amendment to the bill to broaden that authorization to ensure that the intent of the bill is fully met. In February 2024, the Maryland Transit Administration (MTA) was awarded a grant of \$214 million from the Federal Transit Administration’s Rail Vehicle Replacement Program to fund approximately one-half of the cost of the replacement of MTA’s 52 light rail vehicles. The new vehicles will be modern, low-floor vehicles that allow easier and more accessible boarding, which makes the light rail system more efficient and convenient for all passengers.

Modernizing Baltimore’s light rail system to these modernized vehicles requires not only new vehicles, but also improvements to much of the existing system, including station platforms, maintenance facilities, and train control systems. In total, the project cost is nearly \$1.4 billion. MDOT agrees that GARVEE bonds are a critical piece of the financing plan for this project. The project is fully funded in MDOT’s FY 2025-2030 Final Consolidated Transportation Program, contingent on approval by the legislature of adding the project to the statutory list of authorized GARVEE projects.

The Budget Reconciliation and Financing Act of 2025 (House Bill 352/Senate Bill 321) includes a provision to add the Light Rail Modernization Program to the list of authorized GARVEE projects. The language used in the BRFA is more expansive than the language included in House Bill 105 and is meant to ensure that the full modernization project is eligible for GARVEE financing, and not just the portion of the project related to vehicle replacement.

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MDOT respectfully requests that House Bill 105 be amended to refer to the project authorization as “major rehabilitation of the existing light rail system, including replacement light rail vehicles and related station and maintenance facility improvements” to ensure that all project components are eligible for GARVEE financing.

As background, GARVEE bonds are debt repaid from future federal aid. In addition to statutory limits on the projects that MDOT may utilize GARVEEs for, the issuance of GARVEE bonds is subject to a maximum debt outstanding limit of \$1 billion and maximum maturities of 15 years. Prior to issuing GARVEE bonds, MDOT is required to provide notification to the Legislative Policy Committee and seek approval from the Board of Public Works. These requirements remain unchanged in House Bill 105 and the BRFA.

The Maryland Department of Transportation respectfully requests the Committee consider this information during its deliberation of House Bill 105 and issue a favorable report with the suggested amendment.

Respectfully submitted,

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