
January 29, 2025

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis MD 21401

RE: Letter of Information – Senate Bill 384 – Metro Funding Modification Act of 2025

Dear Chair Guzzone and Committee members:

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 384 but offers the following information for the Committee's consideration.

SB 384 would alter the amount the Governor is required to include in the annual State budget each year for grants to the Washington Suburban Transit District to pay the capital costs of the Washington Metropolitan Area Transit Authority (WMATA). This Act is contingent on enactment of certain, comparable legislation by the Commonwealth of Virginia and the District of Columbia relating to funding for WMATA.

MDOT appreciates the Committee's continued leadership within the region on WMATA funding issues. Further, MDOT supports the intent of the bill to address critical capital needs to maintain the WMATA system in a state of good repair, which is necessary to provide safe and reliable transit service. SB 384 achieves this by re-baselining the \$500 million annual regional capital contribution created by the 2018 WMATA Dedicated Funding Agreement. The bill would escalate the \$500 million to account for inflation and re-allocate the dedicated funding allotment between the funding jurisdictions. Further, the bill discontinues an annual growth factor applied to a different capital funding requirement, which has the effect of managing the State's overall financial capital commitment. As a result of the bill, WMATA would receive approximately \$161 million more from regional funders per year in capital funding upon adoption, which it would likely use for bond issuance to fund a portion of its unfunded capital needs. Of the \$161 million, approximately \$53 million in additional annual funding would be required by Maryland in the first year upon adoption, which would grow at 3 percent annually thereafter.

The WMATA system is critical to the State's transportation network and a driver of economic opportunity and growth. The system is currently experiencing record high reliability and rider satisfaction – largely due to the additional capital funding from the 2018 WMATA Dedicated Funding Agreement. However, by design, borrowing capacity from the dedicated capital funding is expected to be depleted as early as Fiscal Year 2029. This means the capital funding agreement has diminished its purchasing power since enacted. Additional dedicated funding will allow for continued capital investment in the WMATA system to keep it in a state of good repair, facilitating

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investment in the WMATA system to keep it in a state of good repair, facilitating the continued reliability of the system.

WMATA is not alone in its growing and unfunded capital needs. Existing capital resources are insufficient to meet the State's transportation needs across all modes. However, legislating a significant increase in Maryland's required WMATA dedicated capital funding without additional revenues will result in cuts to other critical transportation capital spending. This problem is exacerbated when considering Maryland must use state funding – rather than federal funding – to meet its WMATA dedicated capital funding requirement, which would cause the state to forgo leveraging of state funds to access federal funding at other modal administrations within MDOT. Maintaining WMATA in a state of good repair is a critical priority for Maryland, but additional funding above existing baseline investment levels must be considered and balanced with all other capital needs for the Department.

The Maryland Department of Transportation respectfully requests the Committee consider this information when deliberating Senate Bill 384.

Respectfully submitted,

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Maryland Department of Transportation
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