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SENATE BILL 384 Metro Funding Modification Act of 2025

STATEMENT OF INFORMATION

DATE: January 29, 2025

COMMITTEE: Budget and Taxation

SUMMARY OF BILL: The proposed legislation will change the dedicated mandated funding amount for the Washington Metropolitan Area Transit Authority (WMATA) subsidy. The State's revised contribution would be a portion of a \$500M base amount, determined by the Metrorail Operating Subsidy Allocation Formula. The legislation also increases this base amount by 3% annually. Enactment of the legislation is contingent upon Virginia and Washington, D.C. adopting similar actions. Because a proposed mandate is not required to begin in the upcoming budget year, the Department of Budget and Management assumes the funding mandate would begin in FY 2027 or after.

EXPLANATION: The FY 2026-2030 Capital Improvement Program (CIP) includes \$167 million annually for the WMATA subsidy, planned in GO bonds in FY 2026 and in general funds in FY 2027-2030. The proposed legislation will change the State's dedicated mandated funding amount for the WMATA subsidy. MDOT estimates the bill would require the State increase funding for WMATA by \$49.1 million in FY 2027, \$52.5 million in FY 2028, \$56.0 million in FY 2029, and \$59.7 million in FY 2030, for a total increase of \$217.4 million compared to the FY 2026-2030 CIP. Annual costs would continue to grow beyond FY 2030. Whether the mandated increase would be funded by general funds or by the Transportation Trust Fund, in either case, funding would need to be redirected from other priorities to fund the mandate or additional revenue raised to accommodate this increased expense.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long-term. In light of current projected general fund deficits in fiscal 2027 forward, the Department urges caution in passing legislation to significantly increase general fund expenditures. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

Given the forecasted out-year deficits for the General Fund, it would be challenging for the State to manage this increase in spending.

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