
February 5, 2025

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

***RE: Letter of Information – Senate Bill 401 – Transportation - Maryland Area Rail
Commuter Rail Authority - Establishment (MARC Rail Authority Act of 2025)***

Dear Chair Guzzone and Committee Members,

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 401 but offers the following information for the Committee's consideration.

SB 401 establishes the Maryland Area Rail Commuter (MARC) Rail Authority and the powers and duties of the MARC Rail Authority, which acts on behalf of the Department of Transportation, with respect to the supervision, construction, operation, maintenance, and repair of MARC railroad facilities projects. Further, the bill authorizes the MARC Rail Authority to issue revenue bonds to finance the cost of MARC railroad facilities and establishes the MARC Rail Authority Fund.

The creation of the MARC Rail Authority would transfer certain supervisory and operational duties from MDOT to the new authority, potentially leading to a redistribution of roles and responsibilities within MDOT. As proposed, new positions may be needed to fill the needs of the new Authority. The new positions would require a commitment of additional operational funding from the Transportation Trust Fund (TTF).

Currently, there are existing agreements between MTA and its operational partners for MARC. To accomplish a transfer of the duties and the benefits of these contracts, several existing agreements will need to be modified, and the contracts will need to be novated. If access agreements with host railroads must be renegotiated, the host railroads may raise costs significantly, impose new requirements on MARC, and potentially reduce MARC's access to their rail lines. This would impact MARC's ability to provide current levels of service and increase the cost of providing the same level of transit service.

The current structure of MTA allows for comprehensive and connective scheduling between transit systems. Establishing the MARC Rail Authority without adequate planning may result in coordination challenges that could affect scheduling, route integration, and passenger connectivity and, ultimately, impact the rider experience. With MARC services managed

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independently, MTA would have to reimagine its role in regional transit planning and serving the diverse needs of Maryland's transit riders.

SB 401 redirects MARC revenues to the MARC Rail Authority; however, these funds, along with other transit fare revenues, are already committed to repayment of debt for construction of the Purple Line. If funds from the Transportation Trust Fund are used to repay Purple Line debt or the MARC Rail Authority debt, this debt will become State debt in accordance with the State's debt affordability criteria. Funds required to repay the MARC Rail Authority debt also will decrease funding available to repay MDOT's debt, which will reduce the debt that MDOT can issue to support its capital program at a time of already declining revenue.

The department is committed to continuing the conversation with the bill's sponsor regarding how to best serve the diverse needs of transit riders in the State, including those using the regional rail system. The Maryland Department of Transportation respectfully requests that the Committee consider this information during its deliberation of Senate Bill 401.

Respectfully submitted,

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