

SB0384 -- Metro Funding Modification Act of 2025.p

Uploaded by: Brian Levine

Position: FAV



Senate Bill 384 -- *Metro Funding Modification Act of 2025*
Senate Budget and Taxation Committee
January 29, 2025
Support

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, supports Senate Bill 384 -- *Metro Funding Modification Act of 2025*.

Senate Bill 384 modifies the formulas used to calculate the two annual grants that the State of Maryland provides to the Washington Suburban Transit District (WSTD) to pay the capital costs of the Washington Metropolitan Area Transit Authority (WMATA). Specifically, the bill requires grant funding to be adjusted for inflation and increased by 3% annually. Maryland's regional Metro funding partners, which are Virginia and the District of Columbia, would also be required to pass similar legislation for Senate Bill 384 to go into effect.

DMV Moves, a regional initiative aimed at securing long-term, predictable, and sustainable transit funding, has identified the lack of indexing as a threat to Metro's progress and state of good repair. Despite improvements in the Metro system over the past several years, regional funding commitments have not kept pace with inflation. Therefore, these commitments, including Maryland's, need to be re-based and adjusted.

MCCC contends that Senate Bill 384 will ensure the sustainability of regional dedicated Metro funding in the future. Without indexing, WMATA's progress and the Metro system's state of good repair are at risk. The Chamber, which has previously backed dedicated capital funding to revitalize our region's Metro, continues to advocate for viable and competitive regional transit as a pivotal component to a thriving regional economy.

For these reasons, the Montgomery County Chamber of Commerce supports Senate Bill 384 and respectfully requests a favorable report.

The Montgomery County Chamber of Commerce (MCCC), on behalf of its members, champions the growth of business opportunities, strategic infrastructure investments, and a strong workforce to position Metro Maryland as a premier regional, national, and global business location. Established in 1959, MCCC is an independent, non-profit membership organization.

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SB384_CharlieScott_fav.doc.pdf

Uploaded by: Charlie Scott

Position: FAV



WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Public Testimony in Support of SB 384

Metro Funding Modification Act of 2025

Before the Senate Budget and Taxation Committee

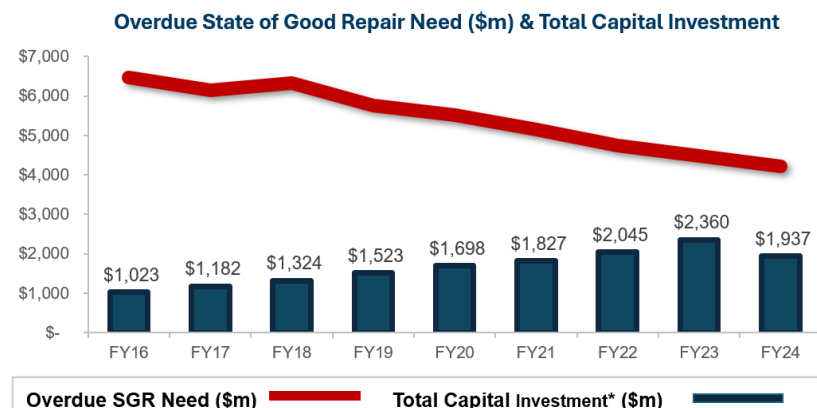
January 29, 2024

Mr. Chairman, members of the committee, thank you for allowing me to testify today. For the record, my name is Charlie Scott, and I am the Senior Government Relations Officer for the Washington Metropolitan Area Transit Authority (WMATA). I am here to urge your strong support for Senate Bill 384.

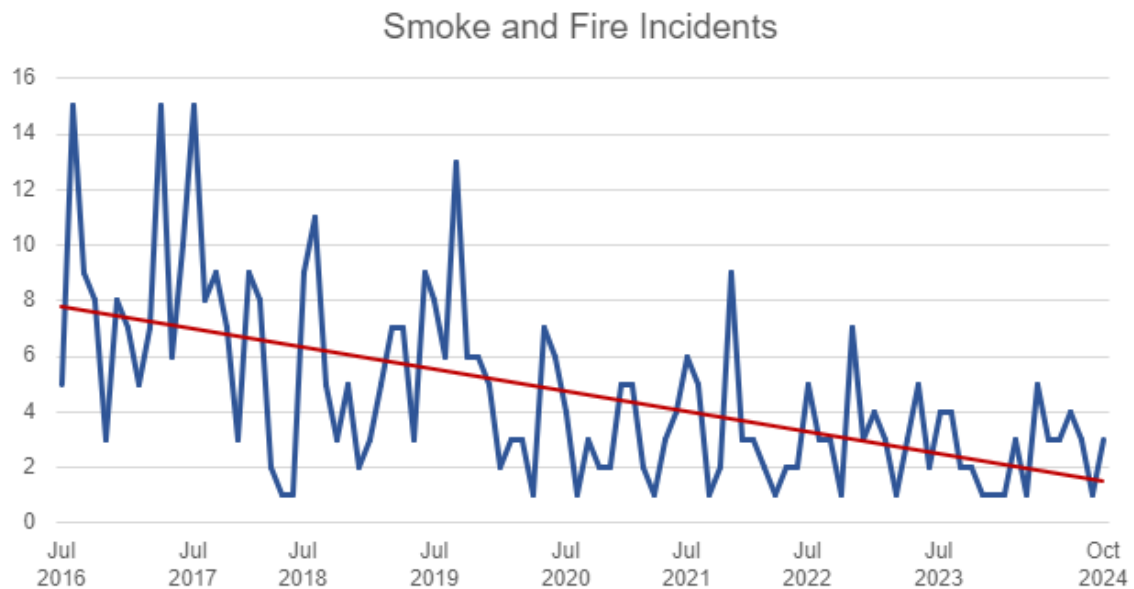
On behalf of the 13,000 employees and our Board of Directors I want to thank Senator Augustine for his steadfast support of transportation across our state, and particularly his leadership on transit in the National Capital Region.

The Maryland Metro/Transit Funding Act passed by the General Assembly in 2018, which this bill amends, has been critical to returning our Metro system to a state of good repair. With our annual capital program now exceeding \$2 billion, in the past six years we have made significant progress to address a backlog of capital needs that had built up over decades. The result for our customers and the region is a safer, more reliable system, with improved on time performance and customer satisfaction. In fact, in 2024, we reported Metrobus customer satisfaction at 83% and Metrorail customer satisfaction at 92%, both all-time highs.

The 2018 legislation was responsive to a plan and vision developed in 2017 and led by WMATA's then General Manager, and now MDOT Secretary Paul Wiedefeld. As envisioned, the plan created a dedicated revenue stream that enabled Metro to issue bonds. The growth in our capital program allowed Metro to not only stop deteriorating, but also to start addressing a \$7 billion backlog of needs.

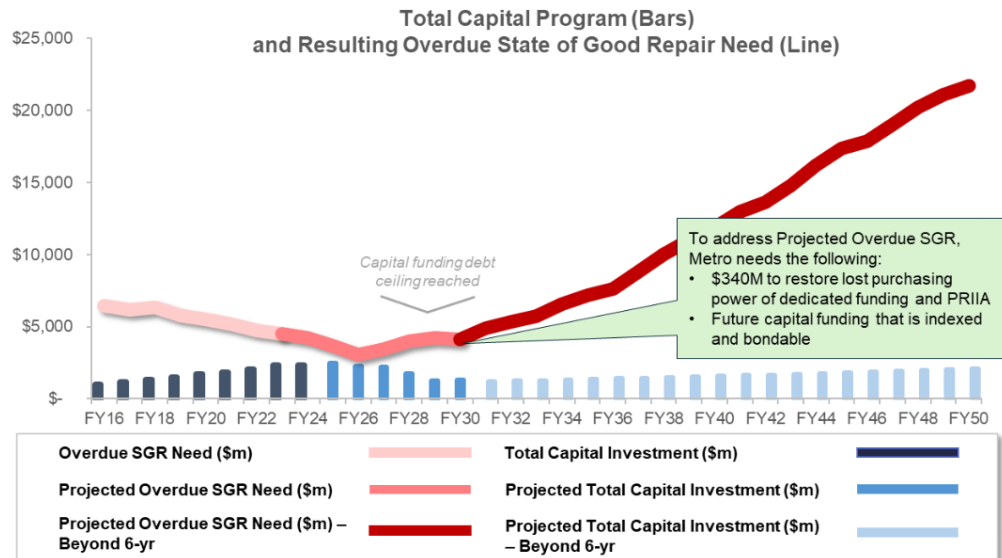


At the time, Metrorail service was severely impacted by service disruptions directly related to conditions of the system. While representing just one example, smoke and fire incidents were one of the most noticeable impacts to the public.



As shown, Metro was experiencing as many as 15 smoke and fire incidents each month, with an average of almost 8 per month. Today that average is below two per month, and the severity and impact to service of these incidents is greatly reduced.

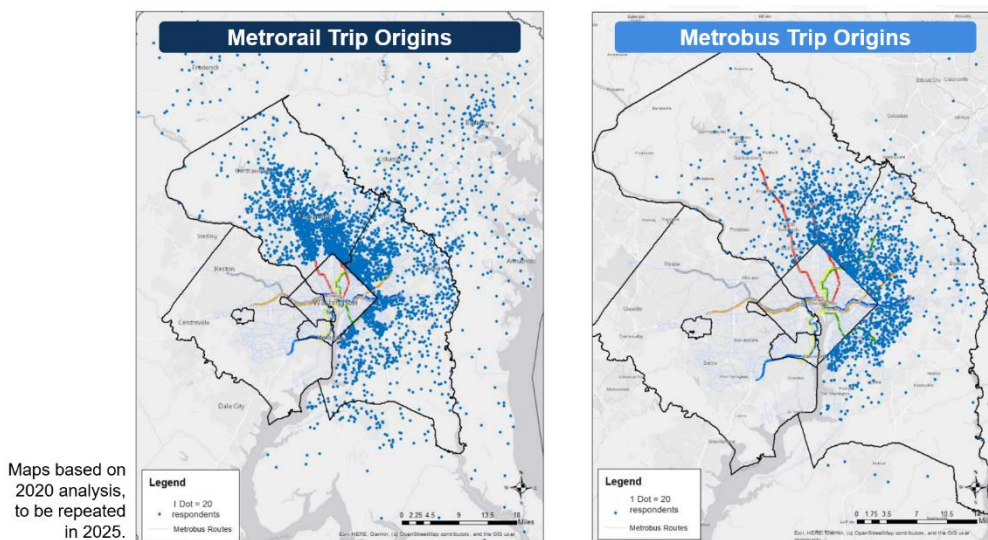
With a static funding level of \$500 million, and a growing portion of the funding now allocated to debt service, the plan also envisioned that the resulting bond capacity would be limited within approximately 14 years. Much has changed in our world since 2018. Early on, our capacity to execute the capital program exceeding initial forecasts. More recently, impacts of inflation and decisions to transfer some capital funds to the operating budget to address post-COVID operating shortfalls, have put further pressure on our long-term capital program. The initial projections of an FY32 funding cliff have now been accelerated with our debt capacity being reached around FY30.



Indexing this dedicated funding to inflation and then by 3% moving forward will address a significant portion of our future capital needs. *DMV Moves*, a task force of regional leaders studying all transit needs in the Capital region, has also identified the need to index Metro’s federal dedicated funding.

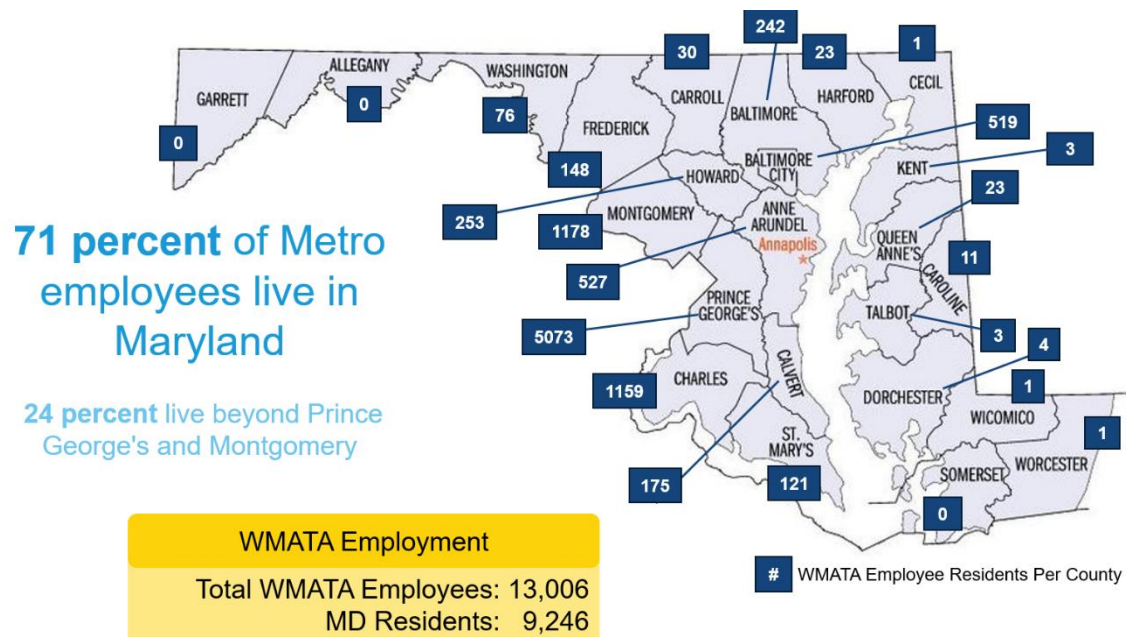
This measure alone, though, assuming similar enactments in the District of Columbia and Commonwealth of Virginia, would provide an additional \$2.6 billion in revenue over a 10-year period. With the ability to bond against this revenue, the total impact to the Metro’s capital program would be an additional \$4.4 billion.

These investments, of course, are critical to mobility in the National Capital region. Investments in WMATA benefit much more than just Prince George’s and Montgomery Counties.



Our Maryland customer base for Metrobus, and especially for Metrorail, extends well beyond on WMATA Compact zone.

Additionally, WMATA is a major employer in Maryland, with over 9,000 of our 13,000 employees living in the state. Here again, our reach extends well beyond Montgomery and Prince George's, with almost 3,000 employees residing in other parts of our state.



Metro's capital program has also spurred manufacturing jobs here in Maryland. Our last railcar order led Knorr Brake to build a new manufacturing facility, adding 200 jobs to its presence in Westminster. And our newest railcar order resulted in Hitachi Rail constructing a new manufacturing and assembly facility in Hagerstown, supporting 1,300 regional jobs including 460 at the new facility.

To sustain the progress we have made rebuilding Metro and to continue our role fostering the economy and the mobility of Marylanders, I urge this committee to provide a favorable report.

CSG MD SB384 Metro Funding Mod Act testimony.pdf

Uploaded by: Cheryl Cort

Position: FAV

Testimony on SB 384
Metro Funding Modification Act of 2025
Senate Budget & Taxation Committee

Date: January 27, 2025

Position: SUPPORT

The Coalition for Smarter Growth supports **SB 384**. Our organization advocates for walkable, bikeable, inclusive, and transit-oriented communities as the most sustainable and equitable way for the Washington, DC region to grow and provide opportunities for all.

The **Metro Funding Modification Act** will ensure that critical tri-state capital funding for WMATA is adjusted for inflation, contingent on similar commitments by the District of Columbia and Virginia. The WMATA rail, bus and paratransit systems are foundations of the economy and community livability of the Maryland suburbs of Washington, DC.

WMATA has made significant progress in addressing its infrastructure and equipment state of good repair needs, thanks to the 2018 deal reached by Maryland, the District of Columbia and Virginia to provide \$500 million annually in dedicated capital funding. However, this was not indexed to inflation, and WMATA's lost purchasing power threatens to increase the deferred maintenance backlog in coming years.

WMATA service today is faster, more frequent, and more reliable because of the three states' investment in WMATA. WMATA strategic planning, maintenance, transparency, and communications are much improved, ridership is bouncing back strongly, and customer satisfaction is at an all time high. Our Metro has also made our region more economically competitive by attracting and retaining cutting edge companies and next generation employees. Vacancy rates for offices near Metro are significantly lower than in office parks, reflecting the desirability of Metro station locations.

However, without timely action by the State of Maryland (and its partners DC and Virginia), inadequate capital funding for Metro will result in declining service reliability, worsening customer experience, and increased safety risk. These risks threaten worker commutes, transit-oriented business centers in Montgomery and Prince George's, and household affordability that underpin the economy and make these areas desirable places.

Maryland can be a regional leader by passing **SB 384**, making the common sense step of indexing existing dedicated state Metro capital funding to inflation.

We ask for a **favorable report for SB 384** by the committee. Thank you.

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Uploaded by: Lindsey Mendelson

Position: FAV

Committee: Budget and Taxation**Testimony on: SB 384, Metro Funding Modification Act of 2025****Position: Support****Hearing Date: January 29, 2025**

The Maryland Chapter of the Sierra Club supports the Metro Funding Modification Act of 2025. SB 384 would alter the calculation of the amount that the Governor is required to include in the annual state budget each year to provide funding for the Washington Metropolitan Area Transit Authority (WMATA). The bill is contingent on Washington, D.C. and Virginia upholding their commitments to Metro funding.

Currently, WMATA's operating subsidy is capped at a maximum of 3% increase per year, pushed by Virginia as a part of the 2018 capital funding deal. This cap has not worked for many reasons, including 1) high inflation which raised system costs and 2) WMATA's provision of credits to the compact jurisdictions, which lowered the baseline from which subsidy increases were calculated.

Last year, the 3% cap was temporarily repealed by the Maryland General Assembly in order to avoid catastrophic cuts to Metro services. Going forward, SB 384 will allow Maryland to close any WMATA operating funding gaps that are greater than 3%, although separate efforts are needed to ensure stable, dedicated sources of funding – for WMATA, as well as for other public transit systems across the state, including the Maryland Transit Administration and Locally Operated Transit Systems (LOTS).

WMATA has been one of the leading transit agencies in the country in its rebound from the COVID-19 pandemic. In 2024, overall Metro ridership increased more than 12%, with more than 250 million passenger trips. Metrorail customer satisfaction reached its highest recorded level at 88%. A high level of service is critical to support transit-oriented economic development in Montgomery and Prince George's Counties and to meet the state's climate goals.

For these reasons, Metro requires consistent operating funding that keeps up with rising costs to continue building upon its many recent successes. The state's investment decisions in WMATA should not be held back by the arbitrary 3% funding increase cap. We urge you to give a favorable report to SB 384.

Jane Lyons-Raeder
Chair, Transportation Committee
janeplyons@gmail.com

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

Written Testimony SB 384 – Metro Funding Modificat

Uploaded by: Matthew Girardi

Position: FAV



Statement of the Amalgamated Transit Union (ATU) Local 689

SB 384– Metro Funding Modification Act of 2025

January 27th, 2025

TO: The Honorable Guy Guzzone and Members of the Budget and Taxation Committee

FROM: Matthew Girardi, Political & Communications Director, ATU Local 689

ATU Local 689 strongly supports SB 384 and urges the Senate Budget and Taxation Committee to issue a favorable report. This bill is a necessary measure for ensuring the stability of the State of Maryland and the whole Washington DC metropolitan region by allowing for necessary funds to flow to WMATA for its capital program.

At Local 689, we represent over 15,000 transit workers and retirees throughout the Washington DC Metro Area performing many skilled transportation crafts for the Washington Metropolitan Area Transit Authority (WMATA), MetroAccess, DASH, and DC Streetcar among others. Our union helped turn low-wage, exploitative transit jobs into transit careers. We became an engine for the middle-class of this region.

Likewise, 9,000 of our members are hardworking WMATA employees. Going into this past fiscal year, Metro stated that it faces an estimated \$750 million gap on the operating side. Had that need gone unmet, proposals were floated where 108 of the 135 Metrobus routes would have been eliminated or cut; where Metrorail would have run less frequently and less often with entire stations being shuttered; where fares would have increased 25%; and where over 2,300 full time jobs would have been cut, including highly demanded CDL drivers. Thankfully, this body and the whole Government of Maryland prioritized rebaselining its share of operations funding.

Unfortunately, even with the additional infusion of funds, all the regional partners did not collectively decide to entirely fill the gap. This meant that Metro borrowed over tens of millions of dollars of preventative maintenance funds to plug holes in its operations budget. That, in turn, has accelerated the pace at which an expected deficit in the capital budget will come to pass. It was only a few years ago that we had people questioning the safety and reliability of Metro. The deal that was made to give the authority dedicated funding for capital expenditures was a game changer, allowing for needed updates to stations, railcars, the bus fleet, and more. Maryland must not allow for that progress to all waste away.

This bill is a commonsense measure to rebaseline the dedicated funding on the capital side, contingent on the District of Columbia and Virginia also doing so. This, in turn, prevents Metro from effectively seeing a cut with the price increases over the past few years. After all, Covid-related inflation meant that effectively, Maryland and the whole region has indexed WMATA to a world and a rate that no longer exists.

We thank Senator Augustine for introducing this necessary measure and urge the committee to issue a favorable report.

SB 384 - MoCo_DOT_Wenger_FAV (GA 25).pdf

Uploaded by: Melanie Wenger

Position: FAV



Montgomery County

Office of Intergovernmental Relations

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SB 384

DATE: January 29, 2025

SPONSOR: Senator Augustine

ASSIGNED TO: Budget and Taxation Committee

CONTACT PERSON: Melanie Wenger (melanie.wenger@montgomerycountymd.gov)

POSITION: Support (Department of Transportation)

Metro Funding Modification Act of 2025

Senate Bill 384 modifies the formulas used to calculate the two annual grants the State provides to the Washington Suburban Transit Commission to pay the capital costs of the Washington Metropolitan Area Transit Authority (WMATA). The bill repeals the requirement that the standard grant be increased by 3% each fiscal year. Also, it replaces the additional grant from a flat \$167 million annually (1/3rd of the \$500 million additional grant negotiated across the system in 2018) to a proportional share of that \$500 million additional grant calculated based on the Metrorail operating subsidy allocation formula. Because this legislation is only enacted if the other two WMATA compact members also enact the same legislation (Virginia and the District of Columbia), the three percent inflation adjustment to the additional grant \$500 million base amount will not take effect until that occurs.

The Metro Funding Modification Act is vital to ensuring that WMATA's rail system is operating smoothly by providing necessary state of good repair upgrades. The County relies on Metrorail to support a large volume of the traveling public. Ensuring that the transit systems operating in the County are running smoothly supports the County and State's goals for multimodal transportation choices, mitigation of climate impacts, and supporting land use changes focused on densifying around transit nodes. Without investment in capital improvements and state of good repair, the public loses confidence in transit as a viable mode of travel. Rider satisfaction is at some of the highest levels observed in WMATA's history and this can be tied to the investments made that are resulting in a system that is reliable and safe. If the system is not adequately funded, and confidence starts to falter, this stands to hurt all of Maryland, as WMATA's Metrorail stations are a key piece of economic development for the region and the State.

For these reasons, the Montgomery County Department of Transportation respectfully requests that the Budget and Taxation Committee advance this legislation.

SB 384 Letter of Information_DBM.docx.pdf

Uploaded by: Dana Phillips

Position: INFO

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor



HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

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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<http://dbm.maryland.gov>

**For additional information, contact Dana Phillips at
(410) 260-6068 or dana.phillips@maryland.gov**

SB0384 - TSO - Metro Funding Modification Act of 2

Uploaded by: Patricia Westervelt

Position: INFO

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

The Honorable Guy Guzzone
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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,

Matt Mickler
Director of Government Affairs
Maryland Department of Transportation
410-865-1090