SB0881_Regional_Transportation_Authorities_MLC_FAV
Uploaded by: Cecilia Plante
Position: FAV

MARYLAND LEGISLATIVE COALITION

TESTIMONY FOR SB0881
Transportation – Regional Transportation Authorities

Bill Sponsor: Senator Rosapepe
Committee: Budget and Taxation
Organization Submitting: Maryland Legislative Coalition
Person Submitting: Cecilia Plante, co-chair
Position: FAVORABLE

I am submitting this testimony in favor of SB0881 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

The Maryland Transportation Authority (MTA) has been making decisions on transportation projects and funding since 1971. Given the state of transportation in Maryland, it is more than time for another approach that engages the communities that our transportation system serves. The needs of Baltimore and its surrounding areas are very different to Southern Maryland or the big counties of Montgomery, Prince George's and Frederick. It makes sense that transportation directives should be more locally based.

This bill, if enacted, would allow for the creation of Regional Transportation Authorities (RTAs), which would develop and implement congestion relief plans for their respective regions. There are three RTAs envisioned – Baltimore Region (which includes Anne Arundel County, Baltimore County, and Baltimore City); Capital Region (which includes Frederick County, Montgomery County and Prince George's County); and Southern Maryland Region (which includes Calvert County, Charles County, and Saint Mary's County). It also establishes a fund for each of the RTAs.

Finally, it directs the Department of Transportation to report on the feasibility of creating local-option transportation revenues for the purpose of raising funds for the RTAs.

We support this bill and recommend a **FAVORABLE** report in committee.

SB0881_FAV_City of Rockville_Transportation - Regi
Uploaded by: Christine Krone
Position: FAV

Testimony of the Mayor and Council of Rockville
SB 881 – Transportation – Regional Transportation Authorities
SUPPORT

Good afternoon, Chair Guzzone and members of the Senate Budget and Taxation Committee. I'm Christine Krone from Schwartz, Metz, Wise, and Kauffman in representation of the Mayor and Council of Rockville. Thank you for the opportunity to testify in support of SB 881. We are thankful to Senator Rosapepe for sponsoring this important legislation.

The Rockville Mayor and Council unanimously support SB 881, which would establish regional transportation authorities in the Baltimore, Capital, and Southern Maryland regions of the State. The authorities would conduct general oversight of regional transportation programs, including the priority setting, planning, and implementation of large-scale transportation projects. Each authority would adopt a regional transportation plan that supports mobility, safety, accessibility, and economic development.

SB 881 takes an innovative approach to addressing the ongoing lack of State funding for major transportation projects. Transportation Trust Fund revenues have been steadily declining in recent years due to increased use of fuel efficient, hybrid, and electric vehicles. SB 881 would raise supplemental revenue dedicated for large scale transportation projects by levying regional surcharges on the sales, use of a taxable service, hotel lodging, and the transfer of real property.

We support the revenue sharing arrangement under SB 881, which would allocate thirty percent of the revenues generated in a municipality to the municipality and seventy percent to the State. The same funding distribution would apply to Counties. These additional revenues would provide the State, counties, and municipalities the opportunity to make additional investments in critical transportation infrastructure projects. Increased transportation funding would expedite the forward progress the City is making towards achieving its Vision Zero program goals.

SB 881 is an important step forward as it offers a creative solution to solving the State's transportation funding issues. By taking a regional approach to transportation, generating critically needed revenues, and encouraging multijurisdictional collaboration, this legislation has the potential to dramatically improve the quality of infrastructure in our communities and stimulate economic growth in Maryland. For these reasons we urge the Committee to provide SB 881 with a favorable report.

SB 881_MTBMA_FAV.pdf
Uploaded by: Michael Sakata
Position: FAV

March 5th, 2025

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

Senator Pamela Beidle, Chair
Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 881 – FAVORABLE – Transportation – Regional Transportation Authorities

Dear Chair Guzzone, Chair Beidle and Members of the Committees:

The Maryland Transportation Builders and Materials Association ("MTBMA") has been and continues to serve as the voice for Maryland's construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 881 would establish regional transportation authorities (RTAs) in three regions of Maryland—the Baltimore Region, the Capital Region, and the Southern Maryland Region to prepare and implement regional transportation plans for their respective regions and sets up the funding and taxing mechanisms for the authorities.

MTBMA strongly supports SB 881 because it addresses a critical need for funding regional and local transportation projects across all modes. Maryland is facing a transportation funding crisis and needs new sources of revenue to help fund transportation investments that enhance safety, reduce congestion, improve access and boost our economy. And this bill directly supports Governor Moore's Growth Agenda. We have seen RTAs as a proven model in ensuring regional transportation improvements. Virginia has used regional transportation authorities for many years, which have been very successful. The Northern Virginia Transportation Authority (NVTA) for example, contributes over $400 million in project funding annually. It meets a critical need to fund regional projects that are part of approved regional plans, with a portion of those funds going to localities to direct to local projects based on their needs. NVTA is funded through a local Grantor's Tax (of $.15 per $100 of property sale price); a Transient Occupancy Tax (2% of room charges); and a local sales tax (of 0.7%). NVTA can also accept grants, issue debt and maintains a "AA" bond rating.

As the Committees are aware, Maryland is facing a budget shortfall within the transportation sector and it is widely recognized that the current pipeline of funding is not sufficient to meet Maryland's needs or keep transportation workers employed. Moreover, our reliance on federal funding or the potential lack thereof, creates even more of a reason to establish RTAs. In a recent poll conducted in September 2024 by Gonzales Research, 65% of Marylanders would be in favor of allowing local jurisdictions to fund projects using local tax dollars. Maryland is ripe for this funding mechanism and we hope the Committees will agree.

For the reasons stated, we respectfully ask for a **FAVORABLE** vote on SB 881.

Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

SB881- ACEC_MD- Support .pdf
Uploaded by: Rory Murray
Position: FAV

March 5, 2025

The Honorable Guy Guzzone, Chairman
Senate Budget and Taxation Committee

The Honorable Pam Beidle
Senate Finance Committee

Re: Senate Bill 881 - Transportation - Regional Transportation Authorities

Position: ***Support***

Chairman Korman & Committee Members:

The American Council of Engineering Companies/Maryland (ACEC/MD) is the engineering industry's business association representing 90 companies that employ approximately 7,000 employees statewide. Many of our members are engaged in the design of public water and wastewater systems, bridges, highways, building structures and environmental projects. On behalf of the association, I am writing to express our ***support*** for Senate Bill 881.

Transportation infrastructure is critical to ensuring the state's economic competitiveness and quality of life for residents. In recent years, securing adequate funding for transportation has been increasingly difficult at the local level due to budgetary constraints and rising costs due to inflation. Senate Bill 881 addresses local governments' challenges to accessing transportation funding by establishing regional transportation authorities and designated funds, and authorizing the authorities to develop transportation plans and impose surcharges on certain transactions to finance their efforts.

By creating regional authorities and empowering them to develop transportation plans, this bill expedites progress in improving local transportation infrastructure, as regional authorities are more acutely aware of the transportation needs and constraints in their area, and can make decisions quicker than those made at state-level. Additionally, by creating funds designated for regional transportation and authorizing the authorities to impose surcharges, this bill creates novel and significant revenue streams to address the gap in funding for local transportation infrastructure. Furthermore, the revenue streams proposed under this legislation would increase a region's financial autonomy in addressing its transportation needs, potentially creating savings to the state in the context of a difficult budgetary landscape.

The degree to which a region's transportation infrastructure is safe and reliable is one of the most important considerations when deciding whether to move one's business or family to an area. By creating regional transportation authorities and empowering them to create transportation plans and raise funds, local transportation improvements can be made faster, ensuring the state remains attractive for businesses and families alike.

We would like to see more clarity on how these transportation authorities would procure services and interact with the Maryland Department of Transportation and the overlapping Metropolitan Planning Organizations. Transportation differs per region, but still needs to be looked at from a statewide perspective. Notwithstanding our minor concerns, we support this bill and request a favorable report on Senate Bill 881.

Respectfully Submitted,

Maria Donovan
mdonovan@acecmd.org

SB881 Testimony_COG_FAV.pdf
Uploaded by: Therese Hessler
Position: FAV

Senate Bill 881 - Transportation - Regional Transportation Authorities
Budget & Taxation Committee/ Senate Finance Committee

Position: Support

The City of Gaithersburg writes to express our strong support for Senate Bill 881, which seeks to establish Regional Transportation Authorities for the Baltimore Region, Capital Region, and Southern Maryland Region. This legislation represents a significant step forward in our collective efforts to address transportation challenges, accelerate congestion relief projects, and enhance the quality of life for Maryland residents. The establishment of Regional Transportation Authorities is a critical tool for implementing effective congestion relief plans. By focusing on the unique needs of each region, these authorities can tailor strategies that improve mobility, reduce travel times, and enhance access to public transportation. Furthermore, the proposed funding formula's partial allocation of revenue to municipalities will provide critical support for transportation projects vital to Maryland's cities and towns.

As we continue to simultaneously lament and admire the extensive investments in transportation infrastructure made across Northern Virginia in recent years, we should really be recognizing the role that the establishment of the Northern Virginia Transportation District has played in funding these projects. The unique taxing and bonding authority granted to transportation districts such as these has allowed the Commonwealth to expand highways, enhance public transportation systems, and make other investments that have supported the explosive growth of their residential and business communities. It is time for Maryland to have analogous authority so that we can, finally, compete meaningfully. By facilitating smoother traffic flow and more efficient public transit options, we can better attract businesses, boost tourism, and create jobs within our communities.

Effective transportation planning and infrastructure development can also significantly contribute to environmental sustainability. By promoting the use of better public transit options and reducing traffic congestion, we can decrease vehicle emissions and improve air quality, aligning with Maryland's commitment to environment stewardship.

City of Gaithersburg • 31 South Summit Avenue, Gaithersburg, Maryland 20877-2038
301-258-6300 • FAX 301-948-6149 • cityhall@gaithersburgmd.gov • gaithersburgmd.gov

Overall, Senate Bill 881 is not just a transportation bill; it's a pathway to a more connected, sustainable, and prosperous Maryland. The establishment of Regional Transportation Authorities will empower us to address long-standing transportation challenges in a coordinated and strategic manner. I urge you to support this bill, recognizing its potential to transform our state's transportation landscape for the better.

Therefore, we respectfully request a favorable report on Senate Bill 881. Should you have any questions, please feel free to contact me at 301-466-5350 or our government relations consultant, Therese Hessler, at therese@ashlargr.com. We appreciate your support.

Respectfully submitted,

Jud Ashman, Mayor
City of Gaithersburg

SB 881_MAA_FAV.pdf
Uploaded by: Tim Smith
Position: FAV

CHAIRMAN:
David Slaughter
VICE CHAIRMAN
Paul Bramble

MARYLAND ASPHALT ASSOCIATION

SINCE 1954

TREASURER:
Curtis Hall
SECRETARY:
Nathan Scrivener
PRESIDENT:
Tim Smith

March 5th, 2025

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

Senator Pamela Beidle, Chair
Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 881 – FAVORABLE – Transportation – Regional Transportation Authorities

Dear Chair Guzzone, Chair Beidle and Members of the Committees:

The Maryland Asphalt Association (MAA) represents approximately 120 members, including 20 material producers and 100 contractors, engineering firms, and associate members, supporting a 7,000-person workforce. MAA actively collaborates with regulatory agencies to advocate for the asphalt industry, ensuring fair regulations at both the state and federal levels. Additionally, we support adequate funding for Maryland's multimodal transportation system.

Senate Bill 881 would establish Regional Transportation Authorities (RTA) in three regions of Maryland—the Baltimore Region, the Capital Region, and the Southern Maryland Region to prepare and implement regional transportation plans for their respective regions and sets up the funding and taxing mechanisms for the authorities.

MAA strongly supports SB 881, as it addresses a critical need for funding regional and local transportation projects across all modes. We appreciate the sponsor's leadership in introducing this bill—an approach we have long advocated for in Maryland. RTAs have proven highly effective in ensuring dedicated investment in transportation infrastructure. Virginia, for example, has successfully utilized RTAs for years. The Northern Virginia Transportation Authority alone provides over $400 million annually for projects, funding improvements aligned with regional plans while allowing localities to allocate a portion of funds to their specific needs.

The potential impact for Maryland is significant. If modeled after Virginia's success, an RTA could generate $2.4 billion over a six-year capital budget cycle—just for one region. Like this bill proposes, Virginia operates three regional transportation authorities, demonstrating their effectiveness.

Importantly, RTAs do not replace existing funding mechanisms; rather, they supplement them, establishing dedicated funding sources to ensure steady, region-specific infrastructure investment. As you know, Maryland's current transportation funding streams are insufficient to meet demand or sustain our transportation workforce. HB 1370 offers a forward-looking solution—reducing reliance on the Motor Fuel Tax and other limited revenue sources while enabling expanded investment that would ease commutes and create tens of thousands of construction jobs.

Given Maryland's diverse landscape, an RTA framework would ensure that transportation funding is allocated where it is needed most, rather than placing the financial burden on residents who may not benefit from certain projects. This bill would provide a more equitable and targeted approach to transportation investment—benefiting communities, workers, and the state's economic growth.

For the reasons stated, we respectfully ask for a **FAVORABLE** vote on SB 881.

Sincerely,

Tim Smith. P.E.
President
Maryland Asphalt Association

THE MARYLAND ASPHALT ASSOCIATION, INC. | 2408 PEPPERMILL DRIVE, SUITE G, GLEN BURNIE, MARYLAND 21061
PHONE: (410) 761-2160 | FAX: (410) 761-0339 | WEBSITE: www.mdasphalt.org

SB 881 - MML - FWA.pdf
Uploaded by: Bill Jorch
Position: FWA

Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

March 5, 2025

Committee: Senate Budget and Taxation Committee

Bill: SB 881 - Transportation - Regional Transportation Authorities

Position: Favorable with Amendment

Reason for Position:

The Maryland Municipal League (MML) supports Senate Bill 881, with amendment. The bill establishes three regional transportation authorities and additional transportation funding mechanisms. The MML amendment would allow for additional regional authorities to be created.

Transportation infrastructure is critical to moving people and goods in an efficient manner. However, prioritizing projects, cohesive planning, and adequate funding are challenging. Particularly in the current fiscal climate, transportation infrastructure needs are high, but funding is struggling to keep pace. Municipal governments maintain almost 10% of the lane miles in the State, so the responsibility at the local level is significant.

The framework and funding in SB 881 fundamentally alter transportation policy in a unique and potentially beneficial manner. The funding piece is particularly impactful for local governments as it would add on top of existing highway user revenue (HUR). Even with the municipal portion of HUR returning to levels near what was provided for decades preceding the historic HUR cuts in 2009, municipal governments still have a backlog of projects and current transportation funding gaps. The surcharges created in the bill would provide a source of additional funding for local governments to better fulfill local transportation needs.

MML represents 161 local governments from across the State and proposes an amendment to allow for the creation of further regional authorities in addition to those created in the bill.

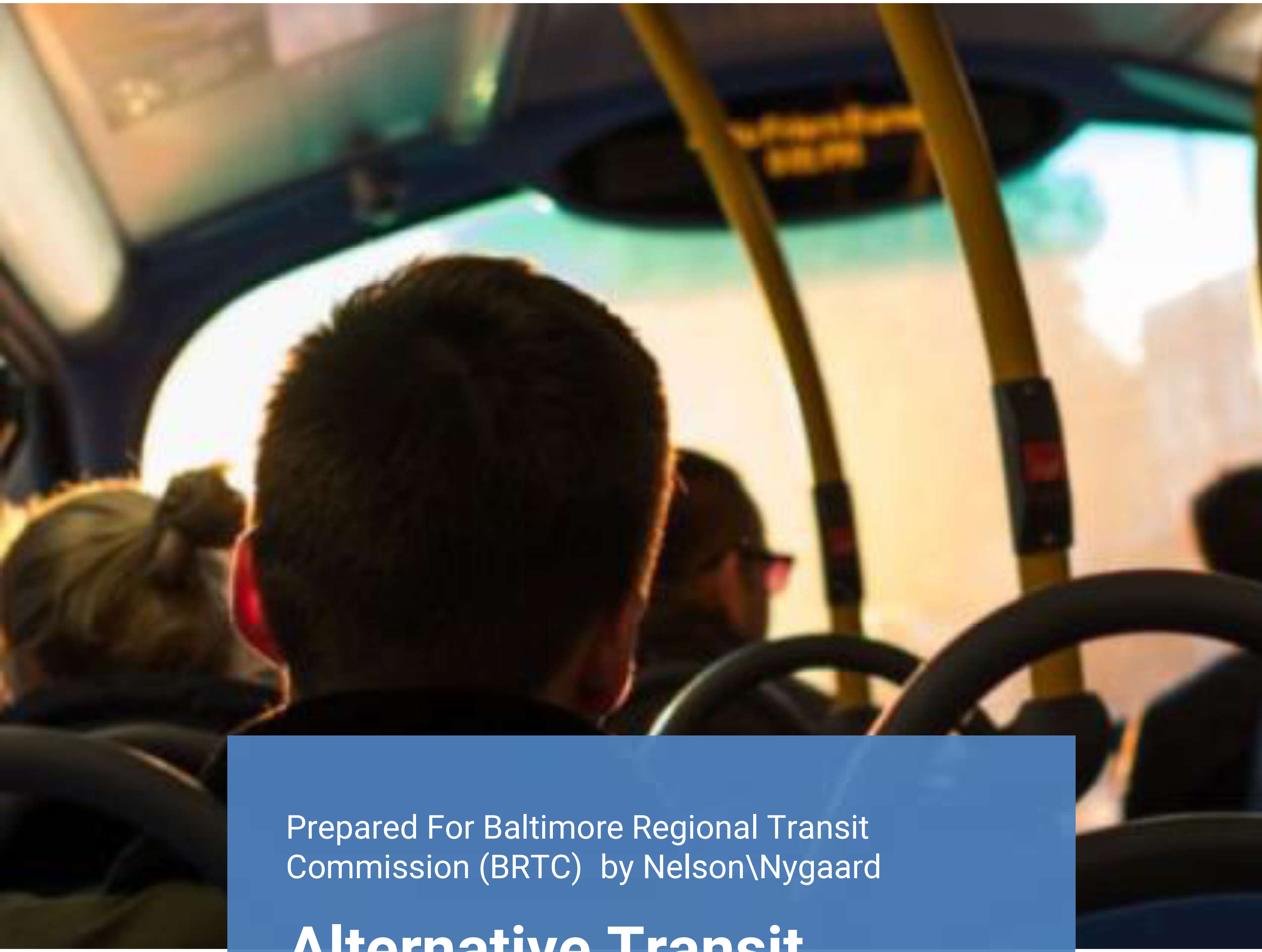
"A group of three or more counties not already a member of a regional authority created under this section may petition the General Assembly to be created as a regional authority under this section if a majority of the counties and municipalities in those counties sign the petition."

For these reasons, the Maryland Municipal League respectfully requests a favorable report with the above amendment on Senate Bill 881. For more information, please contact Bill Jorch, Director, Public Policy and Research at billj@mdmunicipal.org. Thank you in advance for your consideration.

BRTC Alternative-Trans-Gov Fund-Structures FINAL R

Uploaded by: Eric Norton

Position: FWA



Prepared For Baltimore Regional Transit Commission (BRTC) by Nelson\Nygaard

Alternative Transit Governance and Funding Structures for the Baltimore Region

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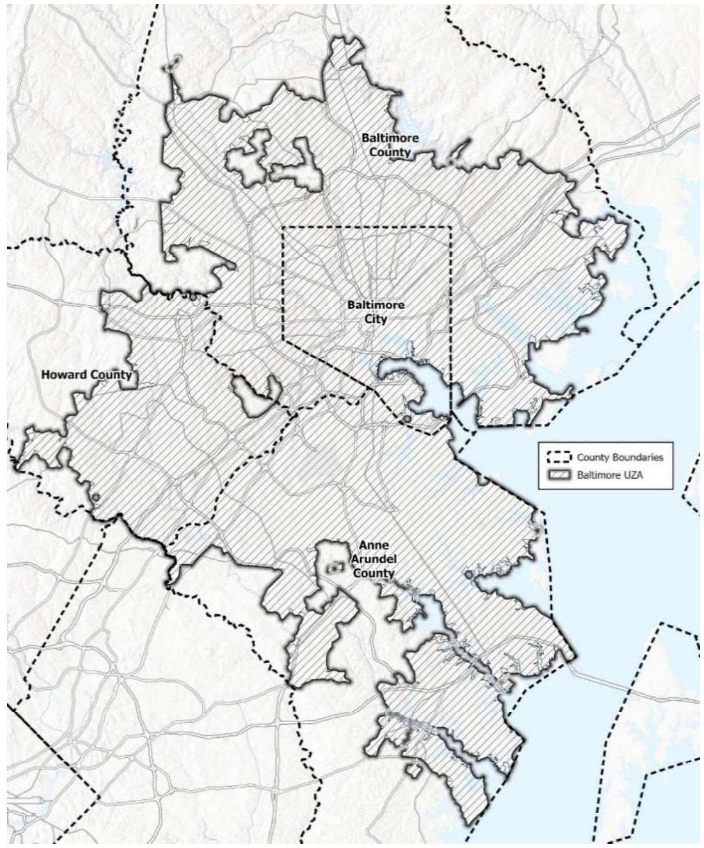
CHAPTER 1: Introduction



This report, commissioned by the Baltimore Regional Transit Commission (BRTC), addresses a key recommendation made by the Baltimore Metropolitan Council's Transit Governance and Funding Workgroup. Formed in 2022, the Transit Funding and Governance Workgroup identified options to reform transit governance and funding in the Baltimore region. Among its five recommendations was a detailed study of the creation of a transit authority for the Baltimore region. This recommendation stems from ongoing discussions in the region about improving MTA's current model, which is operated by a state agency without an independent governance board, by creating an independently governed transit authority.

While the idea of an independent transit authority has long been advocated for by some stakeholders, the Workgroup found that the complexities of such a change required detailed analysis. The current system has some advantages, and any transition to a new authority would present questions on issues including governance, funding, asset management, labor agreements, and compliance with federal, state and local law.

The purpose of this report is to advance the Workgroup's recommendation in a substantive and thoughtful way. The report identifies three models for a new transit authority and provides a roadmap for the development of each. Additionally, the report explores the funding paradigm and outlines options for additional revenue.

The BRTC's intent is for this report to serve as a resource to decision-makers, including the Governor, the Maryland General Assembly, the Maryland Commission on Transportation Revenue and Infrastructure Needs (TRAIN Commission) and the Baltimore Metropolitan Council.

Key Findings

The current model for transit governance in the Baltimore region has three key challenges:

1. The lack of formal coordination between MTA and local government
2. MTA's lack of autonomy makes long-term planning difficult and limits effective advocacy to address the needs of the system and its riders
3. MTA lacks the resources to effectively serve both the Baltimore core and statewide services

There are three viable options for a transit authority in the Baltimore Region:

1. Independent Regional Transit Authority
2. A State-Controlled Regional Transit Authority
3. A State-Controlled Regional Transit Authority *plus an Empowered* Baltimore Regional Transit Commission

The baseline requirements of any new authority are:

- An independent and empowered board of directors
- A reliable and sufficient dedicated funding source for transit in the region

CHAPTER 2: Transit Governance and Funding in the Baltimore Region

GOVERNANCE

The Maryland Transit Administration (MTA) operates nearly all of the statewide and local public transit service in the Baltimore region. Local service is operated in the Baltimore Core service area, which includes all of Baltimore City, large portions of Baltimore County, and the northern portion of Anne Arundel County and is defined in State law, COMAR Transportation Article §7–301.1. The core services include local buses, light rail, metro subway and complementary paratransit service. Collectively, these services make MTA one of the 15 largest transit agencies in the United States in terms of annual passenger trips. MTA also manages statewide transit programs and services, such as the Maryland Area Regional Commuter (MARC) rail service, and commuter bus service. Additionally, MTA provides financial and technical support to the Locally Operated Transit System (LOTS) owned and operated by the local governments across Maryland. There are eight LOTS systems providing targeted transit service in the Baltimore metro area. MTA plays a significant role in system expansion. MTA has been responsible for the planning and construction of the Purple Line, a new light rail service in Prince George's and Montgomery Counties, and it is leading the planning efforts for the reimagined Baltimore Red Line in Baltimore City and Baltimore County.

MTA is led by an Administrator appointed by the Secretary of Transportation with the approval of the Governor. MTA does not have an independent board of directors and decision-making authority lies entirely with the Administrator and Secretary.

The Administrator serves at the pleasure of, and reports to, the Secretary and is responsible for budget oversight and policy development for all MTA services in and outside of the Baltimore Core service area.

In 2023 the Maryland General Assembly created the Baltimore Regional Transit Commission (BRTC). The purpose of the BRTC is to provide updates to the Central

Maryland Transportation Plan and various annual reports, and to perform oversight and advocacy duties related to Baltimore region transit services. The 16-member commission includes state and local government appointees, along with a non-voting appointee from organized labor. While the BRTC is required to comment on MTA's budget request and allocation in the CTP, it does not have direct authority over MTA's budget.

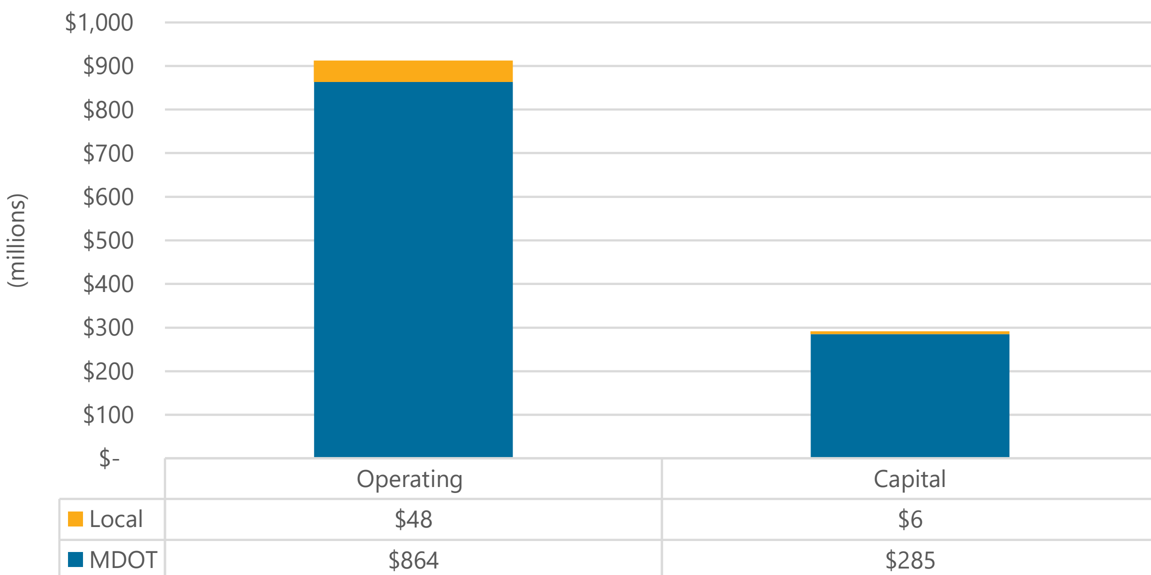
Funding

MTA receives its capital and operating funding from MDOT. MTA submits an annual budget request and receives a budget allocation from MDOT, which manages the Transportation Trust Fund (TTF). MTA's budget includes operating and capital funds for each of MTA's modes as well as the LOTS across the State. MTA's operating and capital programs are not broken down by jurisdiction or region, which makes it difficult to identify a specific budget for the Baltimore Core service area. The study team has used available information to develop Baltimore Core service budget figures for this report.

Current Transit Funding

In FY 2025, MTA's budget for Baltimore core services was $1.2 billion, inclusive of $1.1 billion from federal grants and state revenues, plus $55 million of allocated funding for the LOTS program (see Figure 1).

Figure 1 – Baltimore Region Transit Investment (MTA and LOTS) FY 2025



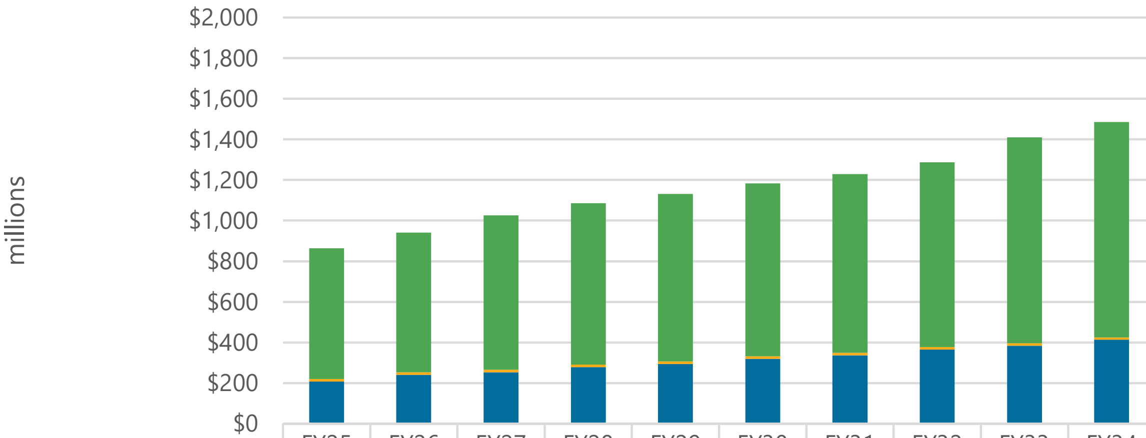
Source: MTA adapted by Nelson\Nygaard

A further breakdown of MTA's budget for Baltimore transit services by operating and capital programs follows. This includes estimates of federal, state, and local spending to operate and maintain transit systems in the Baltimore region only, and how much of current and project funding needs apply to the "core" services of the Baltimore region only.

Operating Costs

According to information provided by MTA, the FY 2025 operating budget for Baltimore Core services is $864.3 million. This includes MTA-operated services and Baltimore region LOTS. It does not include the cost to operate MARC trains, commuter bus service, or LOTS outside the Baltimore region. MTA's planning and budgeting documents include a service expansion by roughly 8% per year between FY 2025 and FY 2034. The planned service expansion would increase MTA's budget to $1.5 billion by FY 2034 (see Figure 2).

Figure 2 – MTA Baltimore Core Services and Baltimore Region LOTS – 10-Year Operating Funding Program



	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Core Baltimore Service	$643.4	$689.0	$759.5	$795.4	$824.9	$852.3	$881.1	$909.8	$1,015.	$1,059.
LOTS	$12.3	$12.3	$12.3	$12.3	$12.3	$12.3	$12.4	$12.4	$12.4	$12.4
Mobility	$207.8	$240.2	$253.7	$278.4	$293.4	$319.4	$336.2	$364.5	$383.3	$412.9

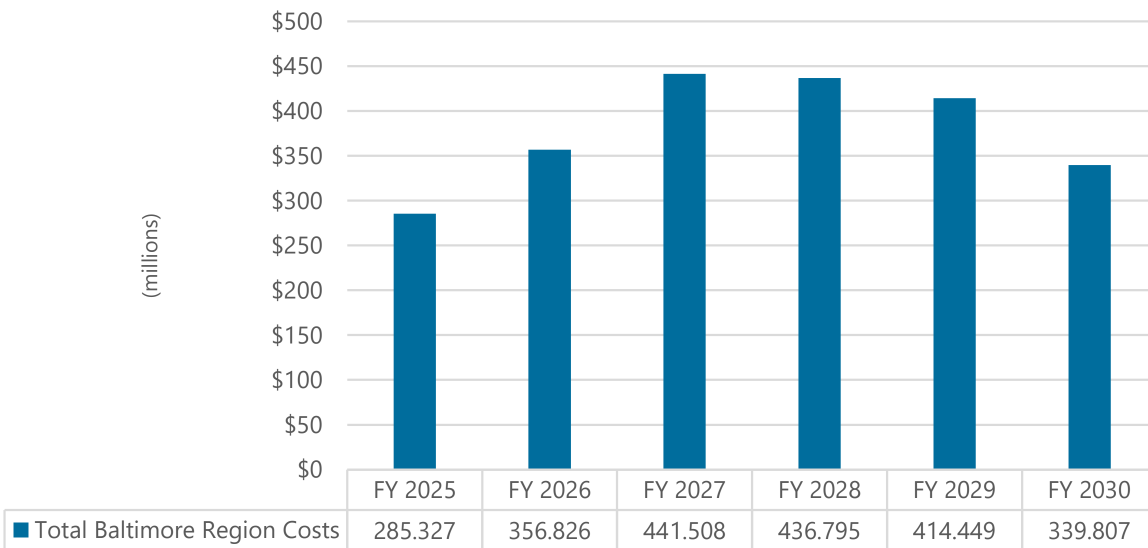
Fiscal Years

Source: MTA data adapted by Nelson\Nygaard Consulting Associates

Capital Costs

Capital budgets and investments vary year-by-year; MDOT and MTA prepare a six-year Consolidated Transportation Program (CTP) and update this plan annually. In FY 2025, MTA's state-wide capital investment in transit projects is $622.2 million, of which $285.3 million is the investment associated with Baltimore Core services and LOTS. The remaining $336.9 million is allocated to the Purple Line, as well as MARC, Commuter Bus and LOTS projects outside of the Baltimore Core-service area. Budget constraints in FY 2025 mean several projects are postponed and capital investment for FY 2025 is the lowest for the current six-year period (see Figure 3).

Figure 3 – MTA Consolidated Transportation Program: Baltimore Core Services and Regional LOTS – (FY 2025- FY 2030)



Source: MTA data adapted by Nelson\Nygaard Consulting Associates

Ongoing Capital Needs

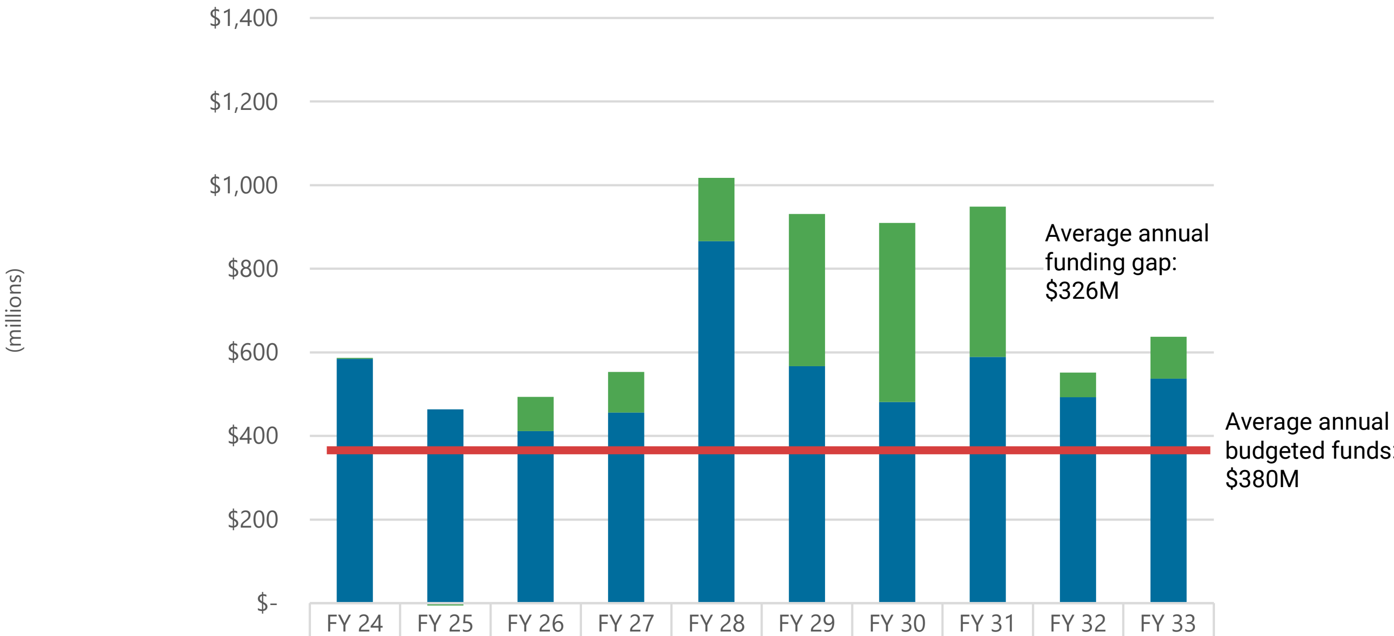
MTA’s capital needs are updated at least once every three years in its Capital Needs Inventory (CNI). The CNI anticipates MTA’s capital needs for two types of programs over a 10-year period, these are:

The **State of Good Repair (SGR)** that include needed investments to maintain the system’s physical assets (train cars, train tracks, signals, and maintenance facilities, etc.); and

System Enhancements, which includes technology investments (fareboxes, system controls, and clean fuel vehicles, etc.) and projects to expand the system (vehicles, new bus stops, etc.).

While the CTP includes investments in both SGR and system enhancement, there are projects and needs identified in the CNI that are not funded in the CTP. These projects represent MTA’s unfunded needs. These additional needs – on average – include another $326 million per year of capital projects over the next ten years (see Figure 4).

Figure 4 – MTA 10-Year State of Good Repair and System Enhancement (Modernization) Program*



	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33
Modernization Subtotal	2,500,0	(27,987	81,792,	97,221,	151,447	364,559	428,057	360,054	58,705,	100,487
TERMLite SGR Subtotal	584,121	463,326	411,549	455,774	865,885	566,639	481,198	588,859	493,054	537,105

Source: MTA data adapted by Nelson\Nygaard Consulting Associates

* Agency-wide needs allocated to the Baltimore region based on revenue hours by mode. Does not include MARC, commuter bus, Red Line, or 5th bus division.

CHAPTER 3: Issues and Challenges

The **Maryland Transit Administration (MTA)** faces several challenges that impede the effectiveness of the region's transit system.

Coordination between State and Local Government

One of the most significant issues facing MTA is the disconnect between state and local level decision-making. The absence of a formal process for integrating local input into MTA's planning and decision-making poses a significant problem for both the agency and the local governments. Local governments are essential partners in shaping land use, housing development, and economic growth—key factors that directly influence the effectiveness and success of a transit system. Without a structured approach for collaboration, both local government and MTA risk missing critical opportunities to align its initiatives with regional priorities and needs. The BRTC has been helpful, but its limited authority also limits the local voice in decision-making.

An empowered board of directors with both state and local representation would significantly enhance MTA's capacity to work with local government in a mutually beneficial way. Regular meetings, responsive reporting, meaningful public involvement and publicly-made decisions would ensure stakeholders the opportunity to help shape the system.

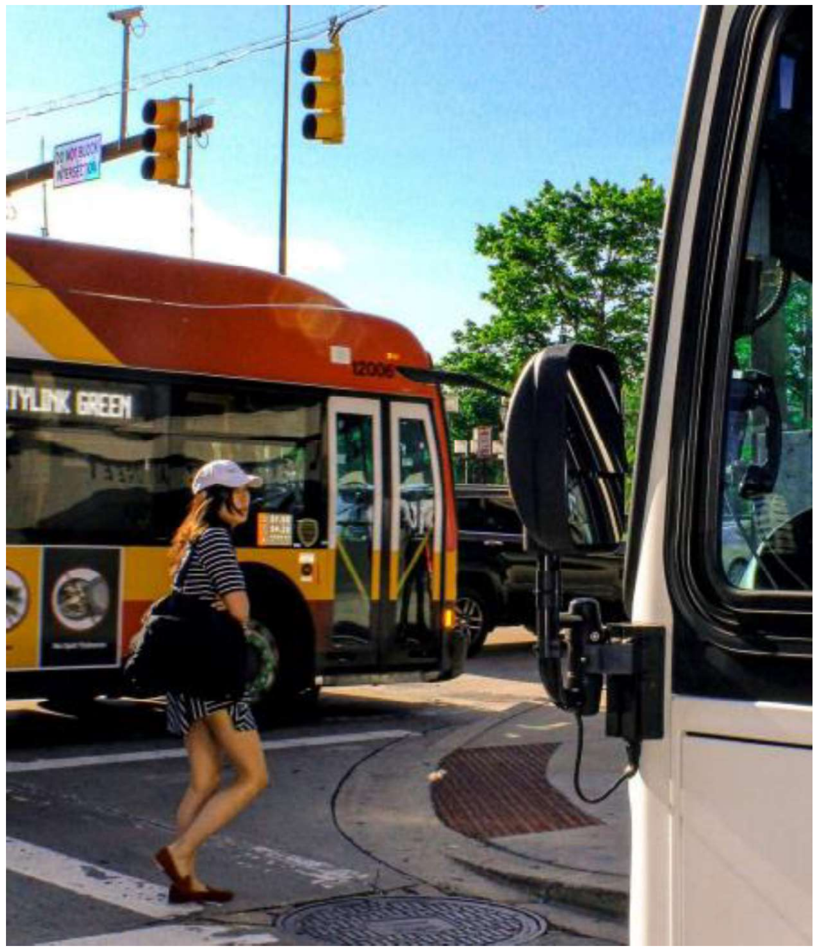
Effective Autonomy

MDOT's role as a single decision-making body for MTA simplifies budgeting and decision-making, but the lack of an empowered oversight board presents several challenges for MTA and transit in the Baltimore region. A system as large and complex as MTA requires coordination, long-term planning and stable oversight. Every change in gubernatorial administration has the potential to drastically shift MTA's focus, making long term planning extremely difficult. Major transit projects take years of planning and engineering before construction begins. It is not uncommon for major projects to remain in the planning stages for at least a decade, meaning projects like the Red Line must endure the shifting priorities of two or more Governors before funding is even secured. An oversight board whose rotating terms overlapped administrations would promote consistency and guardrails against such drastic swings.

MTA's position within MDOT's governance structure also limits its ability to effectively advocate and compete for the needs of the system beyond the priorities the Governor and Secretary. Other modal administrations within MDOT, including the State Highway Administration, Port Administration, and Aviation Administration benefit from strong and influential support by the business community and other allies to advance their respective needs. Despite its size and importance to the Baltimore region, MTA lacks these natural champions and has historically been asked to defer needed investments and make due with less. This dynamic has contributed to the significant backlog of state of good repair needs facing MTA today.

Limited Resources for an Expanded Mission

Originally designed to serve the Baltimore region, MTA has gradually taken on significant statewide responsibilities, including commuter bus services and MARC service. However, this expansion of MTA’s mission has not been matched by adequate increases in internal staffing capacity or the fiscal resources to manage these additional responsibilities effectively. As a result, MTA’s resources are stretched thin across the state. While the agency continues to oversee major projects, such as the Purple Line in Prince George’s and Montgomery Counties, it has struggled to maintain and improve core services in the Baltimore region.



The current structure and resources allocated to MTA are insufficient to meet the growing demands of both the Baltimore region and the state as a whole. Bridging the gap between state-level decision-making and local input, increasing transparency, and ensuring MTA is properly resourced to manage its expanding mission are essential steps toward creating a more effective and responsive transit system for Maryland.

CHAPTER 4: Transit Funding and Governance - National Models and Peer Examples

While no two transit agencies have an identical structure, a review of transit agencies nationally shows there are four primary models for organization and governance. These models are:

1. **Department Within an Existing Government Agency**

   Examples include Montgomery County Department of Transportation (Ride On) in Montgomery County, Maryland and King County Metro in Seattle, Washington.

   Overview: These transit services are be managed and operated as a department within a larger city, county, regional, or state government.

   Funding: Funding is typically provided through a combination of dedicated government transit funds or general funding.

   Governance: Transit agencies housed within a larger government may have an advisory board that reviews policy decisions but elected officials (i.e., city council, county commissioners, state legislature, etc.) are the governing body for the service.

2. **Independent Regional Transit Authority (RTA)**

   Examples include the Regional Transit District (RTD) in Denver, Colorado, the Valley Metro Regional Public Transportation District (Valley Metro) in Phoenix, Arizona, and Capital Metropolitan Transportation Authority (CapMetro) in Austin, Texas.

   Overview: RTAs are transit services managed and operated by an independent agency with authority to operate service and manage capital projects. RTAs typically serve multiple jurisdictions and have full control over their budgets. Independent RTAs have dedicated funding streams and a clear and transparent charter that details their mission to taxpayers.

   Funding: Funding sources vary; some RTAs collect taxes directly and others assess local governments for contributions.

   Governance: In almost all cases, RTAs are governed by an independent board that may be elected or appointed.

3. **RTA With Strong Ties to State Government**

   Examples include the Southeastern Pennsylvania Public Transit Authority (SEPTA) in Philadelphia, Pennsylvania, the Massachusetts Bay Transportation Authority (MBTA) in Boston, and the Chicago Transit Authority (CTA).

Overview: These agencies are structured like independent RTAs, with the important distinction that their governance reflects close fiscal and administrative ties to State government.

Funding: These agencies receive a significant portion of their revenue from state government(s). In most cases, local or regional governments also contribute funds to the budget.

Governance: Typically, these RTAs have independent boards with some board seats appointed by the governor and/or the legislature. Board structures among peers vary from an entirely state-appointed board, to a few examples where local or regional government has a majority of the seats.

4. **Regional Transit Planning and Funding Agency**

   Examples include the Northern Virginia Transportation Commission and the Wake Transit Plan (Raleigh, NC).

   Overview: These entities may be advisory boards or they can manage and allocate funding to transit operators. These entities are not operators of transit.

   Funding: Regional Transit Planning and Funding Agencies typically raise funds through local or regional tax structures and are eligible for federal grants or formula-based funding from agencies like the Federal Transit Administration (FTA) to support capital projects or operating costs. In some cases, these agencies play a role in the distribution of state funds.

   Governance: The governance structure is a board that represents the member jurisdictions and/or funding entities.

MTA PEER EXAMPLES

MTA's structure as a State-run agency without a board of directors is unique and has no equivalent among large metro areas. On paper, MTA most resembles a Department within an existing government agency. However, most transit systems embedded within a larger agency are smaller entities like Maryland's LOTS programs. The size and scope of MTA's operation are much more aligned to an RTA with strong ties to State government with the clear distinction that RTAs have boards of directors with budget and fiduciary authority.

The table below identifies peer systems. These peers were selected based on factors including system size, governance model (including two state-run transit), system attributes (e.g. multimodal transit including heavy rail) and regional demographics.

These RTAs include several of the largest transit agencies in the United States, which are legacy systems that operate in dense, aging urban areas. Figure 5 below provides an overview of their funding sources and governance models. The selected peers are: Washington, DC (WMATA), Philadelphia (SEPTA), Boston (MBTA), Chicago (CTA), New Jersey (NJ Transit) and Rhode Island (RIPTA). *Please note that the 36% local share of*

	Maryland MTA	WMATA	SEPTA	MBTA	CTA	NJ Transit	RIPTA
Funding	**State = 81%** **Local = 0%** **Federal = 2%** **Fares = 16%**	**State = 23%** **Local = 36%** **Federal = 3%** **Fares = 38%**	**State = 50%** **Local = 7%** **Federal = 6%** **Fares = 37%**	**State = 44%** **Local = 9%** **Federal = 0%** **Fares = 47%**	**State = 21%** **Local = 35%** **Federal = 1%** **Fares = 43%**	**State = 36%** **Local = 0%** **Federal = 17%** **Fares = 47%**	**State = 56%** **Local = 0%** **Federal = 17%** **Fares = 23%**
Funding Source	Transportation Trust Fund (TTF) includes a portion of the state's tax and fee revenue. Federal formula funds No local match/regional funding is required	Federal formula funds Operating funding is paid by local jurisdictions where WMATA operates. Local/State match set by a formula that includes population density, ridership, and system size. Dedicated funding for capital investments.	Federal formula funds Ongoing local match of 7% public transportation trust fund Distributed on four operating statistics: total passengers, revenue vehicle miles and vehicle hours	Federal Formula Funds State funds – sales tax revenue dedicated to MBTA Local assessment paid by municipalities (weighted % of the total population of the authority)	Federal Formula Funds Passenger Fares State motor fuels tax Local sales tax and portion of real estate transfer tax	Federal formula funds Passenger fares State contribution provided via dedicated funding through transportation trust fund and NJ Turnpike	Federal formula funds Fare revenue State funds including portion of gas Local funding of capital projects (less than 5%)
Service Area Population	7,811,145	6,304,975	3,475,337	4,367,000	3,224,995	10,594,013	1,048,310
Governance	16-member BRTC - advisory capacity only. Administrative and funding decisions made by State.	8-member board Maryland: 2 seats WDC: 2 seats Federal Gov't: 2 seats Virginia: 2 seats	15-member board Region: 10 seats State: 5 seats City of Philadelphia: 2 seats and veto power.	9-member board State: 6 seats City of Boston: 1 seat Advisory Board: 1 seat Mass. State Labor Council: 1 seat	7-member board Mayor: 4 seats Governor: 3 seats	13-member board (11 voting members) State controls all seats 8 of 13 members must be public members	9-member board State: 8 seats Director of the Department of Transportation: 1 seat and serves as chair

Figure 5 - Operating Funding and Governance Models: RTAs with Close Ties to State Government (2019)

Source: Nelson\Nygaard adapted from NTD Transit Agency data profiles, agency webpages and other sources. NTD 2019 Operating Funding Sources by Agency.* Notes: Service area population from NTD 2023

*NTD Funding data from 2019 reflects pre-pandemic levels of federal assistance that does not include additional/surplus federal, and state operating assistance received during the COVID-19 pandemic (CARES)

CHAPTER 5: Potential Governance Models for the Baltimore Region

The study team has identified three potential governance models to address the issues and challenges identified and maximize the benefits of transit for the residents of the Baltimore region. All models require MDOT to undergo significant restructuring and for the State to continue to fund transit at current levels at a minimum and commit to dedicating these funds toward transit service in the region. Because the State would continue to be a major funder in each model, MDOT would continue to have a significant role in transit decision-making and governance. Each of these models would require legislative changes to both MDOT and the Transportation Trust Fund (TTF) and for the State to support the new entity at current funding levels.

A brief summary of the three proposed models are:

1. **Independent RTA:** A new, independent agency responsible for operating and managing transit service in the Baltimore region. The RTA would be governed by an independent board, with board members appointed regionally and by local governments in the region and the State of Maryland. This model assumes the State of Maryland would dedicate funding for transit based on current levels, at least; the RTA would also be supported by federal grants, passenger fares and other revenues and a new funding source raised regionally.
2. **State-controlled RTA:** This model would separate MTA's Baltimore Core services from other MDOT responsibilities to form an independent authority within State government for operating and managing transit services in the Baltimore region. The new State-controlled RTA would be governed by a board of directors, shared between the State of Maryland and the Baltimore region with majority appointments by the state. The State-controlled RTA would also have a dedicated funding source using the TTF and other state funds. The authority would also receive funding from federal grants, passenger fares and other sources. A State-controlled RTA would be able to receive funding from local or regional sources.
3. **Enhanced Regional Transit Commission (RTC) plus a State-controlled RTA:** In this option, the State-controlled RTA exists as described above, in option 2. As a supplement to the State-controlled-RTA, governments in the Baltimore region would form an enhanced Baltimore Regional Transit Commission with authority to distribute and manage locally raised regional transit funds. The enhanced RTC would also have responsibility for regional transit planning and have seats on the State-controlled RTA board to ensure continuity of planning.

The following section provides an outline of how each governance model could work, including:

- Organizational structure and oversight

- Relationship to MDOT and local governments
- Relationship to the Federal Transit Administration

Independent Regional Transit Authority

An independent RTA would be a new, independent agency with responsibility for operating Baltimore Core services, including local bus, light rail, subway, and paratransit services. The RTA would also include LOTS services operating in the Baltimore region. The independent RTA would be governed by a board of directors with representation from the State of Maryland and the Baltimore region.

This model would improve on the existing transit funding and governance model by involving both the state of Maryland and local government in decision making, establishing a board accountable to riders and taxpayers and clearly focusing MTA's efforts on the Baltimore region

Governance Structure, Transit Operations and Funding

An independent RTA would be led by a general manager (or chief executive officer) and governed by an independent board of directors. Based on an analysis of national peers, the board of directors would likely be comprised of nine or 11 individuals, including representatives from each of the jurisdictions in the Baltimore region plus individuals appointed by the Governor and/or MDOT Secretary. A pre-condition of a truly independent RTA would be a dedicated source of local or regional funds.

Because of the contribution of local funds, the makeup of the board of directors would likely be weighted towards local government. While the final details of governance would be negotiated as part of forming the RTA, at least half of the directors would be appointed by Baltimore region jurisdictions, and no more than half of the representatives would be appointed by the state (see Figure 6 below).

Given the cost required to operate and maintain the Baltimore region's existing transit service ($1.2 billion in FY 2025), current funding provided through the State of Maryland and FTA must be available to the RTA. The Baltimore region would also need to have authority to raise new revenues to support transit. These sources—grants from FTA and the State of Maryland's TTF, plus new funds raised regionally combined with passenger fares—would fund the RTA operating and capital program.

Potential challenges associated with the new RTA include:

Dedicated State Funding for a Regional Transit Authority – Confirming and identifying MDOT's role in maintaining funding for Baltimore region services will be challenging. MTA does not currently have a consistent and predictable budget. Instead, transportation investments are made across multiple MDOT programs and negotiated annually. However, for the RTA to operate independently either internal or external to MDOT, it must have a dedicated funding stream guaranteed by state law. The funding formula may be a guarantee of a set amount of money (like the annual dedicated capital funding provided to WMATA) or a formal commitment to fund a portion of the transit funding (i.e., funding the net deficit of transit operations, also consistent with WMATA's funding).

Legislative Authority for RTAs - Maryland's General Assembly would need to pass legislation to enable regions within the state to form regional transit authorities. This legislation would also spell out specific powers and authorities granted to a new regional entity or the local governments that make up its membership. These new powers and authorities would include the ability to levy taxes and fees to support operations. Similar legislative action could also be required at the local level.

Transfer of Labor Agreements - MTA currently holds labor agreements with several classifications of employees, including transit operators, security staff, and maintenance staff. MTA would transfer these contracts to the new RTA, so contracts could continue to be honored by the new organization. Typically, existing agreements contain language to deal with succession or assignment. These clauses can mitigate, but not eliminate, challenges with amending a labor agreement.

Policing, Security and Enforcement – use of MTA's police powers and services is governed by a passenger code of conduct that is enforceable by MTA Police. Similar or new authorities and responsibilities would need to be transferred to the new RTA.

Transfer of Contracts and Responsibilities – while the RTA would be an independent agency, it should be designated as a governmental unit so it could continue to participate in some of the state programs and resources available to local and regional governments.

Insurance and Liability – the State of Maryland administers commercial insurance policies for state-maintained transportation infrastructure, including MTA. Ideally, the RTA would have access to these insurance policies as a governmental unit in perpetuity, or at least during an interim period.

Pension Funds and Liabilities – As state employees, MTA staff participate in the Maryland State Retirement and Pension System (MSRA). Ideally, the RTA can join the MSRA, so its employees are able to participate in the program, similar to how other governmental units (county governments, school districts, libraries, etc.) in Maryland participate in the system.

Transfer of Capital Assets – a new RTA would need to assume responsibility for MTA's existing capital assets, including guideway systems (tracks, signals, etc.), vehicles (rail cars and buses), maintenance facilities, and passenger facilities, like bus stops and rail stations. MTA has identified a $512 million per year annual State of Good Repair reinvestment need in its 2022 Capital Needs Inventory. As stated earlier in this report, it is estimated from MTA information that for the Baltimore Core service area that gap is approximately

$326 million per year of that need over the next ten years. Any transfer of these capital assets would, in essence, be a transfer of these liabilities. Transferring such assets and liabilities may also be complicated in cases where there is shared ownership or authority.

Coordination with Locally Operated Transit Systems (LOTS) –Operations and management of the LOTS could be transferred to the RTA; this would create a more seamless and integrated transit network but introduce challenges including employee wages and benefits into the RTA formation. Currently LOTS staff generally are not unionized and have lower cost structures, so integrating them brings challenges, including increased cost of labor.

State-controlled Regional Transit Authority

A State-controlled RTA would be a new, autonomous authority within State government with responsibility for operating and managing public transportation services in the Baltimore region, including local bus, light rail, metro subway, and mobility services. LOTS services would continue to operate as part of their local jurisdiction. The State-controlled RTA would be governed by an independent board of directors with representation from both the State of Maryland and local governments from Baltimore region.

The model would improve on the existing transit funding and governance model by creating an independent board with state and regional representation to govern and manage the authority. The State-controlled RTA would also be an improvement over the current model because it would operate with predictable and dedicated funding.

Governance Structure, Transit Operations and Funding

A State-controlled RTA would be led by a general manager (or chief executive officer) and governed by an autonomous board of directors. The board of directors would be comprised of nine or 11 individuals, with representatives appointed by Maryland's Governor and/or MDOT's Secretary of Transportation and jurisdictions in the Baltimore region. For the purposes of this report, the Study Team assumes there would be no local funding for this model. While the final details will be negotiated as part of forming the RTA, at least half of the directors would be appointed by the state, and no more than half of the representatives would be appointed by jurisdictions in the Baltimore region (see Figure 7 below).

The State-controlled RTA requires MDOT to maintain funding for the RTA's operating and capital program at a minimum of the current level, which is $1.2 billion in FY 2025. Creating a dedicated funding source for transit service in the Baltimore region requires administrative and legislative changes to MDOT and the TTF.

Like the independent RTA, this State-controlled RTA would be a new authority. However, this model would not require the challenging transition of assets, work force, contracts, and operations. Potential challenges associated with a State-controlled RTA include:

- **Dedicated State Funding for a Regional Transit Authority -** MTA does not currently have a consistent and predictable budget. Instead, MDOT allocates transportation money across multiple MDOT programs and these are negotiated annually. However, for the RTA to operate independently within MDOT, it must have a dedicated funding stream guaranteed by state law. The funding formula may be a guarantee of a set amount of money (like the annual dedicated capital funding provided to WMATA) or a promise to fund a portion of the transit funding (i.e., funding the net deficit of transit operations, also consistent with WMATA's funding).
- **Coordination with Locally Operated Transit Systems (LOTS) –** there are five LOTS currently operating in the Baltimore region. It is assumed that these systems would continue to operate under their current funding program, with potential for the RTA to distribute funds directly to the LOTS. Operations and management of the LOTS could be transferred to the RTA; this would create a more seamless and integrated transit network but introduce inequities across employee wages and benefits into the RTA.

Enhanced Regional Transit Commission plus an State-controlled RTA

A third option is to establish a State-controlled RTA and enhance Baltimore's existing Regional Transit Commission (RTC), by enabling it to manage and distribute a new fund. The enhanced RTC would also have responsibility to lead regional transit planning efforts, initiate regional projects and participate in state run projects and programs.

The enhanced RTC would operate separate from, but in close cooperation with, the State-controlled RTA. An important distinction with this model, however, is that the Baltimore region—through the enhanced RTC—would have the ability to raise and invest regional funds in transit.

This model provides the benefits of the State-controlled RTA and it gives local governments a formal role in the decision-making process for transit development and operation in the region.

Governance Structure, Transit Operations and Funding

The RTC would be managed by an executive director and governed by a board of directors, all of whom would be appointed regionally. The RTC would also be able to appoint at least one member to MTA Board of Directors.

The enhanced RTC would not operate or manage transit service. Instead, its functions would be to raise and invest funds in regional transit programs and participate in important planning processes, such as MTA's annual operating and capital budgets, the Capital Needs Plan, and the Central Maryland Regional Transit Plan.

The powers and authorities of this type of RTC would be similar to the Washington Suburban Transit Commission (WSTC), which can plan, develop and oversee mass transportation systems and function as a financial conduit for the funding of mass transit projects[1].

Under the RTC model, both the state-controlled RTA and LOTS services would continue to be funded and supported through a combination of federal grants, the Maryland's TTF, user fees and other revenues. The RTC would also manage new funds to support transit and distribute these funds to MTA and LOTS as may become available.

Potential challenges specific to the enhanced RTC include:

- **Legislative Authority for the RTC –** the Maryland General Assembly would need to expand or adjust existing legislation to create an RTC that is vested with the powers and authorities envisioned in this alternative. Recent legislation that established the Baltimore Regional Transit Commission[2] did not include fiscal authority and powers to develop and oversee mass transit systems. The legislation that established the WSTC has expanded authority but is specific to Montgomery and Prince George's counties. Either provision in law could be adjusted to allow local governments in regions in the State of Maryland to have additional authority to levy taxes and fees in support of public transit services. It would also need to specify the relationship between the RTC, MDOT and MTA.
- **Coordination with Locally Operated Transit Systems (LOTS) –** coordination between the RTC and the five LOTS currently operating in the Baltimore region may be complicated in an RTC model, especially with regards to how the LOTS receive funding from the RTC. While the RTC should have authority to distribute funds directly to the LOTS, it will need to balance needs with services provided by the state controlled RTA. An early step for the RTC would be to discuss this concern and agree to an approach to share costs. The RTC could coordinate with the LOTS on potential transit needs and use new funds to encourage specific projects, programs, and services.
- **Enhanced RTC authority and power** - While an RTC would have some clear, direct responsibilities for Baltimore's service, such as planning and participating in decision-making, it would not have responsibility for operations. Being in this position means the RTC executive director and board would need to be active and intentional about developing and using the authority it will have. Examples

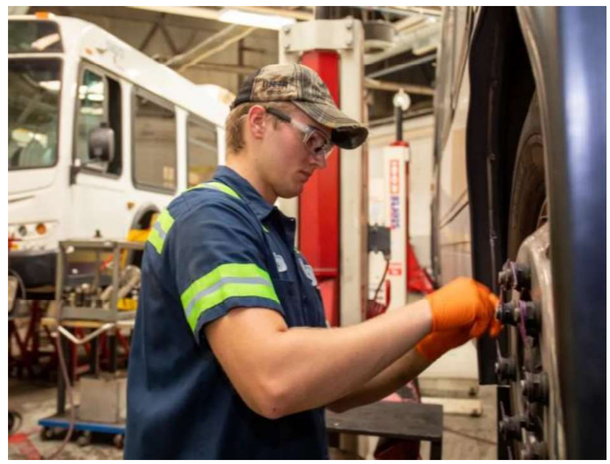
[1] WSTC's authorizing legislation Chapter 870, Acts of 1965: https://wstcmaryland.org/wp-content/uploads/2021/04/Acts_of_1965_CH870.pdf
[2] BRTC's authorizing legislation, Chapter 504, Acts of 2023: https://mgaleg.maryland.gov/2023RS/chapters_noln/Ch_504_hb0794E.pdf

include being clear about goals and working towards those priorities through strong participation on the MTA Board and by unifying the region around shared objectives. This could be accomplished through a formal processes like the development of an annual funding allocation program.

CHAPTER 6: Transit Funding Options

In response to the recommendation of the Baltimore Regional Transit Governance and Funding Workgroup, the study team has outlined options for locally raised transit revenue. This chapter presents a high level overview of these funding options for informational purposes only. The figures and assumptions in this chapter are based on publicly available revenue information and the experience of peer regions.

It must be clearly stated that Maryland's transportation funding paradigm was not designed with significant local contribution in mind. Local governments in the Baltimore region have never borne the responsibility of funding transportation; especially transit. Any shift in that direction would require sweeping changes to Maryland Law and an active decision by local governments to raise revenue specifically for transit. Introducing any new regional funding for transit however should be contingent on the State of Maryland – at a minimum - maintaining its current commitment to transit funding, with annual adjustments for inflation.



As detailed in Chapter 2 of this report, transit service in the Baltimore region is facing a significant shortfall in the next decade, most critically in dollars for state of good repair. Outside of Baltimore's transit needs, MDOT is facing equally challenging circumstances as it balances competing priorities across modes and metropolitan regions. Like most states, Maryland's transportation funding is heavily reliant on the state gas tax and motor vehicle registrations, which are expected to offer diminishing returns as vehicles become more reliable, efficient and drivers' transition to electric vehicles. Maryland's gas tax is indexed to inflation and registration and titling fees were increased in 2024. The appetite for additional increases is unknown.

Leaders across Maryland are aware of these challenges, and are giving due consideration to a range of options. MDOT, Metropolitan Planning Organizations, policy advocates and economic development organizations are all engaged in the discussion of how to solidify transportation funding moving forward. The Maryland Commission on Transportation Revenue and Infrastructure Needs (the TRAIN Commission) was established by Chapter 455, Acts of 2023, to review, evaluate, and make recommendations on the prioritization and funding of transportation projects. The TRAIN Commission was restructured in the 2024 legislative session and a final report has not been submitted at the time of this writing.

Should the local governments in the Baltimore region contribute locally raised funds to transit, a reasonable target would be between 5% and 10% of the Baltimore Core service area's annual operating budget. Over the next ten years, this range would require an average of $60 million and $120 million in new revenue per year. The study team arrived at this range by examining the contributions of peer systems and the impact of the potential revenue.

- **The experience of regional peers**. In Southeastern Pennsylvania, the City of Philadelphia, and surrounding counties (Bucks, Chester, Delaware, and Montgomery) contribute approximately 7% of SEPTA's annual operating costs and are actively involved in transit decision-making. Likewise, the City of Boston contributes an estimated 9% of the MBTA's annual operating budget.
- **Impact of potential revenue.** New funding on the order of $60 million to $120 million would have a significant impact on regional transit investment by leveraging federal grants for capital projects and/or increasing funding for service operations.

REVENUE OPTIONS FOR TRANSIT FUNDING

In 2020, the Baltimore Regional Transportation Board's study of Transit Governance and Funding explored a host of transit funding options for the State at large and for the jurisdictions in the Baltimore region. That report estimated potential revenue for the full gamut of options. A summary of the taxing mechanisms and fees used across the Unites States is detailed in figure 6 below.

Figure 6 – Inventory of Potential Transit Funding Measures

Traditional Taxes	Transportation-Related Revenue Sources	Transportation User Fees	Excise Taxes and Lottery	Financing Mechanisms
Property Tax Income Tax (Corporate*, Personal) Sales Tax Payroll Tax	Local Assessments Transportation Climate Initiative (Carbon Taxes) Transportation Utility Fee Developer Impact Fee	Tolls** Fuel Taxes* Rideshare Tax** Vehicle Registration Fee* Vehicle Miles Travel Fee Mobility / Congestion Pricing Parking Taxes Micro-mobility tax (scooters, etc.) Fares**	Alcohol Tax Cigarette Tax Cannabis Tax Lottery Revenue Lodging Tax Real Estate Transfer Tax Rental Car Tax**	General Revenue Funds** Land Value Capture TIFIA

Source: Nelson\Nygaard

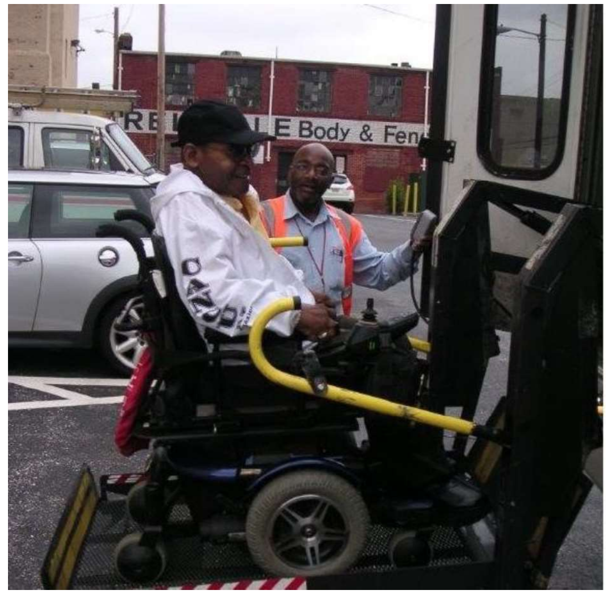
Notes: * Denotes funding source already used by Maryland Transportation Trust Fund

** Denotes funding already used in Central Maryland

Several of these measures are already used by the TTF. Others are difficult in the Baltimore region because existing tax rates are high (i.e., property tax, vehicle licensing fees) or don't have the revenue potential needed to raise $60 million to $120 million annually (i.e., alcohol tax, cigarette tax, parking taxes). Other funding measures – like a tax on vehicle miles travelled or carbon taxes – have not yet been widely implemented in the United States, so are viewed as not feasible in the short-term.

For the purposes of this report, the study team broadly evaluated four measures – increased passenger fares, increased sales tax, a premium on tolls in Central Maryland and a new payroll tax – to show how the region could raise revenue to support transit (see also **Figure** 7). The options are presented in alphabetical order.

Passenger Fares



Increasing passenger fares is the least complicated way to raise revenue from the perspective of a transit operator. The decision is largely administrative and it does not require state or local legislation. However, increased transit fees are also the most immediate burden on transit riders, many of whom are dependent on transit due to reasons of disability and economic hardship. Importantly, moderate increases to MTA's fares would raise only a small portion of the revenue target.

In 2023, MTA earns approximately 16% of its revenue from fares paid by riders. The rate is lower than previous levels, as MTA, like transit agencies nationally, continues to recover from ridership losses resulting from changing travel patterns in the wake of the pandemic. A planning level estimate of the potential revenue that could be raised through fare increases is about $17 million per year. This estimate does not account for ridership losses likely to result from higher fares, or account for bulk discounts and fare programs available from riders. The estimate considers:

- MTA currently charges $2.00 for one-way adult cash fare. The fare is slightly lower than its two closest peers, WMATA ($2.25 for a bus ride[3]) and SEPTA ($2.50 for bus or rail), but higher than other large Maryland based transit systems like the Charm city Circulator (free), Montgomery County RideOn ($1.00) and Prince George's The Bus ($1.00).
- In 2023, MTA provided approximately 69.4 million rides, inclusive of all modes.
- If every rider paid an additional $0.25 per trip, MTA's revenue would increase – on the high end – by $17.1 million. An additional $0.50 would raise up to $34m (on the high end). This estimate does not factor in elasticity rates for transit cost increases which would likely lower these estimates.
- Funds raised from this source would not meet the target of 5% and 10% of MTA's current operating budget discussed above.

Sales Taxes

Sales taxes are used by many of the nation's largest transit systems, including in Boston, Los Angeles, and San Antonio. Historically, dedicating some sales tax revenues to transit is popular; data suggests that approximately 70% of transit funding initiatives are approved by voters.[4] In the 2024 election cycle, voters approved 24 of 33 transit ballot measures, including initiatives in Columbus, Ohio, Nashville, Tennessee and Phoenix, Arizona.

A *planning level estimate* of the potential revenue from a transit-dedicated sales tax of 0.25% is approximately $112 million per year. This does not account for revenue losses that could result from reduced consumer spending (i.e., buying less or purchasing more goods in other nearby states or regions). The estimate is based on the following data and estimates:

- At the current 6% rate, Maryland's existing sales tax revenues of $6.7 billion per year.
- The Baltimore region accounts for roughly 40%, or $2.68 billion of the State's sales tax revenue.
- A 0.25% sales tax increase in the Baltimore region could raise roughly $112 million per year.

While the revenue potential is strong and well within the target goal, there are challenges with sales taxes, including that they are vulnerable to economic recessions and downturns. Sales taxes are also regressive and disproportionately impact lower income residents. Another challenge is Maryland's current sales tax of 6% on taxable purchases[5] is already higher than Virginia (5.30%) and Delaware (0%), and equal to the rate in Washington D.C, West Virginia, and Pennsylvania.[6] In Maryland, only the state can levy sales taxes; counties and municipalities are not currently legislatively enabled to do so.

Tolls

Toll revenues are used to fund transit in Northern Virginia, San Francisco, and New York City, among other places. Maryland's toll revenues are collected by the Maryland Transportation Authority (MDTA) to fund construction, operating, maintenance and law-enforcement costs on bridges and crossings plus debt service. Tolls are a relatively stable source of funding and generally considered equitable because they charge drivers for the impacts associated with congestion, emissions, and roadway costs.

A *planning level estimate* of the potential revenue that could be raised through higher tolls is between $26 million and $104 million, depending on the amount of the increase. This estimate does not account for behavioral changes as some consumers adjust to higher costs (i.e., taking a different, longer route).

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[4] American Public Transportation Association

[5] https://www.marylandtaxes.gov/business/sales-use/index.php

[6] Sales tax rates in West Virginia and Pennsylvania may exceed Maryland's in some localities, as those states have legislatively enabled localities to raise their own sales taxes in addition to the statewide rate.

The estimate is based on:

- There are five tolled bridge crossings in Central Maryland (JFK/I-95, Hatem Bridge, Bay Bridge, Harbor Tunnel and Fort McHenry Tunnel).
- Toll rates vary by crossing, so a transit fee could increase the toll by as little as $0.25 per crossing, or as much as $1.00 per crossing.
- Revenue potential for the Central Maryland region only, ranges from $26 million per year ($0.25 increase per crossing) or $104 million per year ($1.00 increase per crossing).

In Maryland, tolls are controlled and managed by MDTA and set to manage and maintain their facilities. By law, MDTA dollars may not be spent on projects not owned by the authority. Toll rates have not increased in a nearly a decade. In 2024, legislation raising toll rates to fund the MDTA and supplement the TTF passed the House of Delegates, but was unsuccessful in the Maryland Senate.[7]

The collapse of the Key Bridge complicates the conversation both because the bridge accounted for nearly 8% of MDTA's revenues and more toll revenues may be required to help rebuild that facility.[8] In addition, the MDTA recently (Fall 2024) announced it is considering replacing the Chesapeake Bay Bridge at significant cost. Given the loss of MDTA revenue due to the collapse of the Key Bridge, and the immense challenge ahead of the MDTA in replacing both the Key Bridge and Chesapeake Bay Bridge, the use of toll funds to support transit may face insurmountable challenges, .

Payroll Taxes

Payroll taxes are imposed on employers based on the amount of their payroll. The employer is responsible for withholding, reporting, and remitting the tax. Payroll taxes are different from income taxes because they are paid by employers; in the United States, payroll taxes are generally used to fund public programs, like Social Security and Medicare.

The State of Oregon uses payroll taxes to fund transit. The state has set a base tax of 0.1% from each employee's gross pay for transit. The idea is that a small tax on a large base (wages) generates a large amount of revenue. In the case of Oregon, the statewide tax is $1.00 per $1,000 of income, so an employer paying their employee $50,000

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[7] Maryland House Ok's higher MTA tolls: Senate must still give approval, WYPR Baltimore, March 18, 2024.
[8] Collapse of Key Bridge reduces tolls by $141 million, hastens likely toll increase, Maryland Matters, July 1, 2024.

annually, would be taxed $50. Two other Oregon transit districts, Lane County (Eugene) and TriMet (Portland) add onto that rate to raise revenues for their systems.

A *planning level estimate* of the potential revenue that could be raised through a payroll tax is $100 million annually. The estimate is based on the following estimates and assumptions:

- The Baltimore-Columbia-Towson Metropolitan area, which is broadly consistent with the Baltimore region defined by this study, had annual wages on the order of $100 billion.[9]
- If wages are taxed at 0.1%, the region would raise approximately $100 million annually.

Maryland collects payroll taxes for unemployment insurance, which is technically a joint state and federal program. The state also has an income tax, which is paid by the employee, rather than a payroll tax, which is designed to be paid by the employer. Payroll taxes technically would be a new tax, although it is likely the Maryland General Assembly has considered this source previously. Initiating a new tax would be challenging, but potentially less challenging than adding to an existing tax. Also, as described, this tax is designed to be a small amount (0.1%) and therefore, more likely to be acceptable. Asking employers to pay for transit has some logic, given employment is concentrated in urbanized areas and employers benefit from the increased access, and thus larger labor pool, provided by transit.

Figure 7 – Summary of Transit Funding Measures for Baltimore Region and Potential Revenue

	Sales Tax	Tolls	Payroll Taxes	Fares
Proposed Tax Rate	0.025% levied in Baltimore region only	+ $1.00 per crossing in Baltimore region	0.1% of wages in Baltimore region	$0.25 (to $2.25) and $0.50 (to $2.50)
Estimated Annual Revenues	~ $112 million	~ $103 million	~ $100 million	$34 million
Challenges	Requires state approval	Not viable in current climate	New state created tax	Limited benefit and negative impact on riders

Source: Nelson\Nygaard Consulting Associates

[9] Federal Reserve Bank of St. Louis, Federal Reserve Economic Data

CHAPTER 7: Conclusion

This report presents, to the BRTC and other stakeholders, three models for transit governance in the Baltimore region. The three models are:

- Independent Regional Transit Authority
- State-Controlled Regional Transit Authority
- State-Controlled Regional Transit Authority plus an enhanced Regional Transit Commission.

Each model has its own benefits and challenges, but all three are designed to address the same core issues and optimize the effectiveness of the region's transit network. All three models share three key objectives intended to address the same core issues and optimize the effectiveness of the region's transit network. The three objectives are:

1. **Local Government Participation:** Any structural change to transit governance in the Baltimore region should allow for the direct participation of local governments in decision-making.

2. **Increased Autonomy:** The new governance structure must have the freedom to make transparent decisions and advocate for state and federal funds needed for system preservation and expansion. Additionally, the new governance structure should allow long-term planning and capital investment to survive the shifting priorities of gubernatorial administrations.

3. **Focus on the Baltimore-Core Service Area:** A transit system the size and complexity of Baltimore's merits the dedicated attention of its operator. Similarly, MTA's statewide programs have expanded such that that they too would benefit from focused attention and oversight.

The existing structure of Baltimore's transit system was established nearly fifty years ago to meet the needs of the time. This framework helped build a fast-growing system that was, at one point, considered a national model of modern and effective transit and urban renewal. However, since the turn of the century, that growth has stagnated. Long planned projects like the Red Line and the State Center redevelopment have been abruptly cancelled without replacement. Essential maintenance projects are routinely deferred, allowing them to grow in both expense and severity. These challenges have been long in the making and will not be easily or quickly resolved.

A crucial first step toward addressing these challenges is a thoughtful modernization of the governance of Baltimore's transit system. This report is submitted in the hope that it will be a useful tool in that process.

SB0881 FWA_CMTA.pdf

Uploaded by: Eric Norton

Position: FWA

Transportation Alliance

March 5, 2025

Testimony on SB 881 –
Transportation – Regional Transportation Authorities –
Budget & Taxation Committee

Position: Favorable With Amendments

For years leaders in the Greater Baltimore region have been seeking to reform the way its local public transportation is governed and financed. Structural challenges in the current centralized governance structure of the Maryland Transit Administration (MTA) make maintaining and improving transit performance difficult. The result is an unreliable public transportation system that further disadvantages many users already negatively impacted by poverty and structural racism, discourages ridership growth, and puts the region at a competitive disadvantage compared to other metropolitan areas with robust, reliable public transit.

Moreover, the lack of local participation in planning and funding decisions has been a contributing factor to ongoing maintenance problems and lack of significant expansion or improvement. Of the 50 largest transit agencies in the country, the MTA is the only one that is part of a state department of transportation without a board of directors and where decision-making lies solely with a governor. In recent years the General Assembly has taken a step toward reform through legislation that established a Baltimore Regional Transit Commission (BRTC).

The BRTC has been a huge improvement in terms of having an official body that is providing some measure of transparency to MTA's operations, plans and budget. However, it is largely an advisory body that lacks the full power of a regional transportation authority. That's why we are encouraged that the General Assembly is considering bills such as SB 881 that seek to go beyond advisory commissions by establishing Baltimore Region, Capital Region, and Southern Maryland Region transportation authorities.

While we support the general intent of SB 881, we urge the committee to review and consider a recent study from the BRTC that outlines some potential models for how to structure a regional authority for the Baltimore region. Of the models outlined in the report, the Transportation Alliance supports a fully independent authority. We respectfully request that the committee amend SB 881 to create a new, independent agency responsible for operating and managing transit service in the Baltimore region. Because this model assumes the State would continue its commitment to Baltimore-area transit service, SB 881 should also be amended to dedicate state funding for the new authority based on current levels at a minimum.

We encourage a FAVORABLE WITH AMENDMENTS report for Senate Bill 881.

SB881 -VAAAC Transportation - Regional Transportat

Uploaded by: Kristen Pironis

Position: FWA

– Visit –
ANNAPOLIS
& ANNE ARUNDEL COUNTY

Testimony on Senate Bill 1370 – *Favorable with Amendments*
Transportation - Regional Transportation Authorities

To:	Senator Guy Guzzone Chair, Budget & Taxation Committee
Testimony from:	Kristen Pironis Chief Executive Officer, Visit Annapolis & Anne Arundel County 26 West Street Annapolis, MD 21401 410-280-0445 / kp@visitannapolis.org
Date:	March 3, 2025

Dear Chair Guzzone and Members of the Budget & Taxation Committee:

On behalf of Visit Annapolis & Anne Arundel County, I am writing to express our general support for Senate Bill 881, with a request for an amendment to ensure a more equitable and sustainable approach to transportation funding.

Annapolis and Anne Arundel County are key drivers of Maryland's tourism economy. In 2023, Maryland welcomed 45.1 million visitors who spent $20.5 billion, with Anne Arundel County accounting for 20 percent of this total—more than 6.8 million visitors contributing $4.1 billion and supporting 18,000 local jobs. While we recognize the critical role of transportation infrastructure for the tourism industry, especially in our fly-and-drive markets, we are concerned that funding this infrastructure primarily through hotel taxes would place a disproportionate burden on an already heavily taxed sector.

Research shows that leisure travelers are highly sensitive to price increases, including hotel taxes. Studies indicate that many visitors reduce their stay to offset higher taxes, which ultimately impacts their spending on local businesses such as restaurants, entertainment, and retail. Additionally, for large groups and those planning meetings, conventions, and conferences, hotel taxes play a significant role in site selection. Higher taxes could cause hotels to lower their room rates to remain competitive, which ultimately reduces the revenue from the hotel tax and undermines the intended funding for transportation improvements.

To illustrate this point, in 2015, Georgia introduced a $5 per room night hotel tax to fund transportation. This resulted in a loss of 92,000 room nights per month. Despite efforts to repeal or reduce the surcharge, Georgia continues to face challenges with one of the highest hotel tax rates in the country in cities like Columbus, Decatur, and Macon.

The proposed hotel surcharge in SB 881 would increase the cost of hotel rooms in Maryland, making the state less competitive compared to neighboring states with lower taxes or no additional fees. To ensure Maryland remains an attractive destination for visitors, it is crucial that transportation funding comes from a broader base that reflects the diverse sectors benefiting from improved infrastructure.

Locally, when hotel taxes are decided by stakeholders who understand price sensitivity, market trends, and specific regional needs, the funds can be reinvested directly into tourism and hospitality. This reinvestment not only drives additional economic impact but also enhances the visitor experience and improves the quality of life for residents.

We believe the proposed hotel surcharge in SB 881 would unduly burden the tourism industry that is only now recovering to pre-pandemic levels and will have long-lasting negative effects on Maryland's economy. On behalf of our hotel and lodging partners, we respectfully request that the proposed hotel surcharge be removed from the bill, ensuring that transportation funding is more broadly shared across all sectors that benefit from infrastructure improvements.

Thank you for your consideration.

Sincerely,

Kristen

Kristen Pironis
Chief Executive Officer
Visit Annapolis & Anne Arundel County

CE Ball 2025 SB 881 - Transportation - Regional Tr
Uploaded by: Maureen Evans
Position: FWA

HOWARD COUNTY OFFICE OF COUNTY EXECUTIVE
3430 Courthouse Drive ▪ Ellicott City, Maryland 21043 ▪ 410-313-2013 Voice/Relay

Calvin Ball
Howard County Executive
cball@howardcountymd.gov

www.howardcountymd.gov
FAX 410-313-3051

March 4, 2025

Senator Guy Guzzone, Chair
Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

Re: **Support with Amendment**: SB 881 – Transportation – Regional Transportation Authorities

Dear Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee,

I am pleased to write in support of Senate Bill 881, and I commend Senator Rosapepe for sponsoring this legislation. A Baltimore Regional Transportation Authority would strengthen regional public transportation services for our residents and businesses. SB 881 calls for the establishment of Regional Transportation Authorities in the Baltimore, Capital, and Southern Maryland regions, enabling these authorities to plan, allocate funding, and oversee transportation projects. Additionally, this proposed legislation would implement several new revenue streams to fund the authorities.

As a member of the Baltimore Regional Transportation Board, I am aware of the important work the Baltimore Regional Transit Commission is doing to support the growth and sustainability of the regional transit system. This includes identifying models for funding and governance reform that will enhance public transportation and identify potential funding sources. We know that the transportation needs for our region are great, and future economic growth hinges on strong transportation investments that create jobs, connect our workforce, and spur economic development opportunities. In Howard County, we have continued to invest in local bus service through the Regional Transportation Agency of Central Maryland, recently initiating new connections to Baltimore County while striving to enhance existing service. Despite these improvements, Howard County and other jurisdictions in the Baltimore region have a great need for better regional connectivity.

This legislation is a strong starting point for advancing regional public transportation connections and access in the Baltimore region. Developing the framework for a regional transportation authority should be the first step in this process, as it will allow the authorities to create planning and organizational structures best suited to advancing public transportation. This includes developing an authority structure that is flexible and responsive to the rapidly shifting funding landscape at the local, state, and federal levels.

In the current fiscal climate, I am concerned about this bill's broad mandate to implement new taxes and fees, which may not be fully aligned with the State and local governments' efforts to balance budgets and the inflationary challenges faced by our constituents.

HOWARD COUNTY OFFICE OF COUNTY EXECUTIVE
3430 Courthouse Drive ■ Ellicott City, Maryland 21043 ■ 410-313-2013 Voice/Relay

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As the Maryland General Assembly considers a path forward for regional transportation planning, I encourage the General Assembly to consider a phased approach to establishing regional transportation authorities, first focusing on establishing the structure and governance model needed to create a successful authority.

An amendment to replace the mandatory revenue enhancements with a requirement for the newly established authorities to develop a revenue plan for consideration by the General Assembly would strengthen this legislation. SB881 is an important first step in implementing and advancing regional transit projects, but this path is best approached with structure and a deliberate strategy to ensure success.

Thank you for your consideration of this testimony and for your continued service to the State of Maryland.

Sincerely,

Calvin Ball
Howard County Executive

Maureen Wambui -Testimony in Support of Senate Bil
Uploaded by: Maureen Wambui
Position: FWA

Maureen Wambui

7827 Rolling View Ave, Nottingham, MD, 21236

Maureen.w.m.2030@gmail.com

03/03/2025

The Honorable Members of the Seante Committee

Maryland General Assembly, Annapolis, MD 21401

Testimony in Support of Senate Bill 881 (SB0881) with Amendments - Transportation - Regional Transportation Authorities

Hearing Date: March 05, 2025

Chairperson and Esteemed Members of the Committee,

My name is Maureen Wambui, and I am a proud Immigrant, parent, Community advocate and resident of Legislative District 8 in Maryland. I am here today to express my **support** for Senate Bill 881, which seeks to establish regional transportation authorities to improve infrastructure and transit across Maryland. However, I urge the committee to consider **amendments** that mitigate the financial burden on everyday consumers.

SB0881 is a well-intended bill that recognizes the urgent need for better roads, public transit, and transportation planning. Creating dedicated regional transportation authorities ensures that each area's specific transit needs are addressed, leading to more effective and responsive solutions. Additionally, the establishment of regional transportation funds provides a sustainable financial model for infrastructure investment.

However, as currently written, the bill places a heavy burden on consumers and small businesses through its proposed sales tax, hotel surcharge, and property transfer tax increases. These funding mechanisms, while effective, disproportionately impact working-class families, renters, homebuyers, and local businesses. Instead of relying on broad-based consumer tax increases, I propose the following amendments:

Proposed Amendments:

1. **Reduce or Cap the Sales Tax Surcharge** – Instead of applying a flat surcharge across all purchases, consider a **tiered tax system** that exempts essential goods (e.g., groceries, medicine, childcare services) to protect low-income households.
2. **Alternative Revenue from High-Income or Large Businesses** – Implement a **corporate transportation impact fee** that applies only to **large corporations** benefiting from improved infrastructure, rather than increasing general consumer costs.

3. **Adjust the Hotel Tax to Focus on Luxury and High-End Lodging** – Instead of a **blanket** hotel tax increase, apply higher surcharges to **luxury accommodations**, while exempting budget-friendly hotels to avoid discouraging tourism for middle-income travelers.
4. **Modify the Property Transfer Tax to Reduce Burden on First-Time Homebuyers** – Implement **exemptions or reductions** for first-time homebuyers and primary residence transactions while maintaining higher rates on commercial property transfers and investment sales.

These amendments ensure that regional transportation improvements move forward without disproportionately impacting everyday Marylanders. The goal of SB0881 should be to create a sustainable funding structure that balances economic fairness with infrastructure investment.

I urge the committee to adopt these modifications and pass SB0881 in a way that supports transportation development without creating unnecessary financial strain on working families.

Thank you for your time and consideration.

Respectfully submitted,

Maureen Wambui

SB 881-UNF-MHLA-Rohrer.pdf
Uploaded by: Amy Rohrer
Position: UNF

Maryland Hotel
Lodging Association

Testimony in Opposition to Senate Bill 881

Transportation - Regional Transportation Authorities

Budget and Taxation & Finance Committees – March 5, 2025

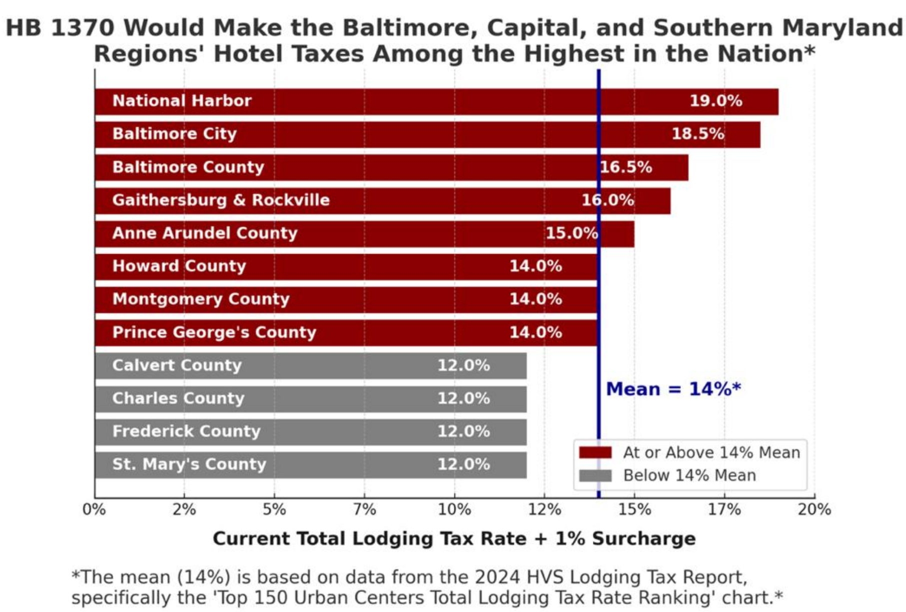
The Maryland Hotel Lodging Association (MHLA) is the sole statewide trade association advocating for Maryland's hotel industry, which consists of 750+ hotels and employs over 27,000 individuals. Annually the industry supports $4.1 billion in total taxes in the state, $7.2 billion in wages and salaries, and $10.6 billion in spending by hotel guests, significantly contributing to Maryland's economy.

> **The Maryland Hotel Lodging Association (MHLA) strongly opposes SB 881 unless amended to eliminate the proposed 1% Transportation Authority Hotel Surcharge.** This surcharge would further burden Maryland's already highly taxed lodging industry, harming tourism, discouraging conventions, and negatively impacting local businesses and the state economy.

Maryland's Current Hotel Tax Landscape

Maryland's lodging markets impacted by SB 881—as defined by the proposed Baltimore, Capital, and Southern Regional Transportation Authorities—already rank among the highest in the nation for total taxes on hotels. The proposed 1% surcharge would push many counties into the top tier nationwide:

- Baltimore City and National Harbor would hit **18.5%-19%**, among the highest in the U.S.
- Only one major city currently exceeds **20% nationwide**.[1]



[1] HVS | 2024 HVS Lodging Tax Report - USA

SB 881 Would Worsen an Already Struggling Market

Maryland's hospitality industry is recovering from the pandemic more slowly than other visitor-dependent destinations, particularly in a key tourism hub like Baltimore City. The proposed surcharge would further jeopardize this fragile recovery.

> **Baltimore City hotels booked 440,000 fewer rooms in 2024 compared to 2019 - a 20% drop in occupied rooms.**
> *— Data derived from Smith Travel Research (STR)*

If Baltimore City had returned to pre-pandemic occupancy levels in 2024, based on the City's ADR (average daily rate) of $182.42, this would have meant:

- Additional **$80 million** in Baltimore City hotel revenue in 2024
- Additional **$187 million** in residual spending by hotel guests[2]
- Additional **state and city taxes** on **$267 million** if this hotel revenue had been realized in 2024

While Baltimore City hotels are clearly not reaching their full potential, it is important to point out that statewide hotel occupancy has also not yet returned to pre-pandemic levels. The **regions affected by the proposed SB 881 surcharge collectively still show a 5.41% decrease in occupied hotel rooms compared to 2019** - equating to 765,285 fewer rooms sold as shown below.

HB 1370 / SB 881 Impacted Counties + Baltimore City
Occupied Rooms -5.41% 2024 vs 2019

	Properties	Rooms	Total Room Supply (Annual)	Occ %	Total Rooms Occupied
2019	437	58,147	20,783,465	68.12%	14,158,499
2024	448	56,732	20,707,180	64.68%	13,393,214
Change from 2019			(76,285)		(765,285)
% Change from 2019					-5.41%

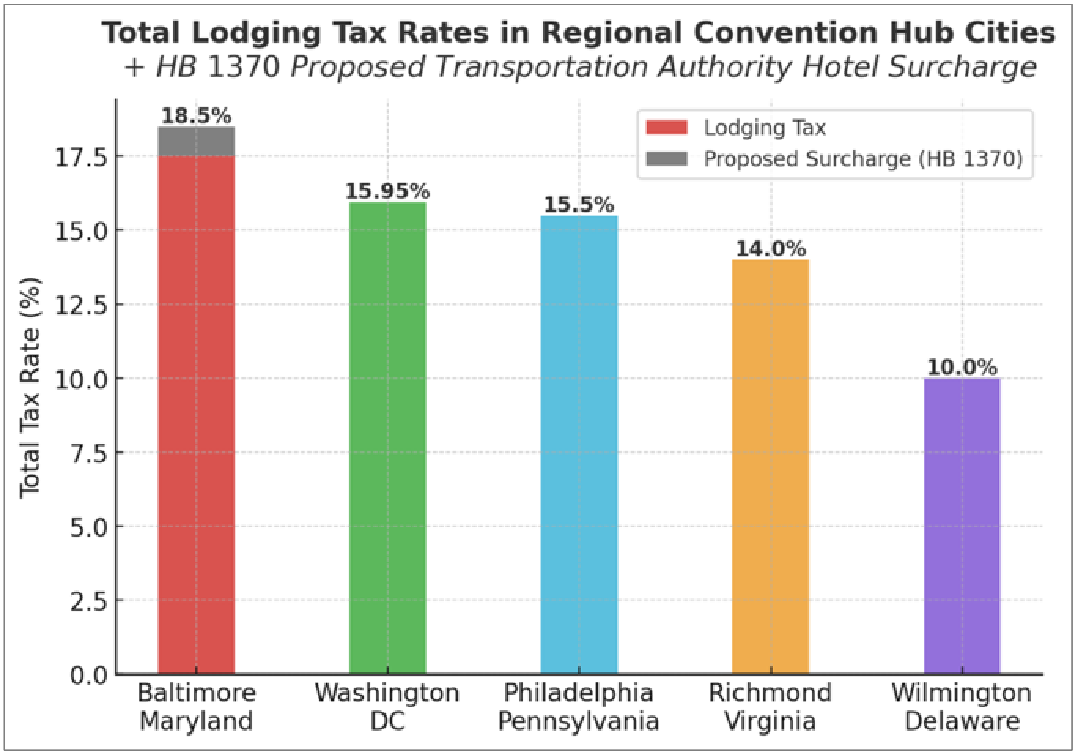
Data derived from 2019 and 2024 STR data for impacted counties

SB 881 Diverts Tourism Dollars Away from Industry Recovery

When not reinvested in tourism marketing, higher lodging taxes and fees can lead to lower hotel revenue per available room (RevPAR), particularly for group travel (*Journal of Travel Research, 2021*). **Maryland risks losing conventions, seeing further occupancy declines, and missing out on critical tourism revenue** by imposing additional fees without reinvestment. Policies prioritizing reinvestment in tourism drive visitor demand, benefiting hotels, local businesses, and state tax revenues.

[2] AHLA_2025_Economic_Impact_Report.pdf For each $100 spent on lodging, hotel guests spend another $234 during their trip.

The following chart shows that Baltimore City's total tax rate plus the proposed 1% SB 881 surcharge is already higher than other cities in our region that attract large events, including Wilmington, Delaware, which has the added incentive of no sales tax.



Source: [2024 HVS Lodging Tax Report](). – Chart: 'Reported Tax Rates in Top 150 Urban Centers 2023' Data analyzed and visualized by the Maryland Hotel Lodging Association (MHLA)

Impact on Maryland Residents

Beyond tourism, many Maryland residents rely on hotels for essential travel, including medical visits, family stays, and temporary housing. SB 881 would force hotels to pass higher costs onto local communities, making critical, non-leisure travel less affordable.

Conclusion

Rather than imposing new financial burdens, Maryland should adopt policies that attract visitors, strengthen the hospitality sector, and drive long-term economic growth.

For these reasons, the Maryland Hotel Lodging Association **opposes SB 881 unless amended to eliminate the proposed 1% surcharge on hotels**.

Respectfully submitted,
Amy Rohrer, President & CEO
Maryland Hotel Lodging Association

MLTA SB881 testimony (unfavorable).pdf
Uploaded by: Barry Glassman
Position: UNF

MLTA Maryland Land Title Association

1783 Forest Drive, Suite 305, Annapolis, MD 21401 | (443) 620-4408 ph. | (443) 458-9437 fax

To: Members of the Senate Budget & Taxation Committee

From: MLTA Legislative Committee

Date: March 3, 2025 [Hearing date: March 5, 2025]

Subject: **SB 881** – Transportation – Regional Transportation Authorities

Position: **Unfavorable**

The Maryland Land Title Association (MLTA) is a professional organization working on behalf of title industry service providers and consumers and is comprised of agents, abstractors, attorneys, and underwriters. **MLTA is opposed to Senate Bill 881 – Transportation – Regional Transportation Authorities**.

This bill would establish a "transportation authority transfer tax surcharge" of 0.15% on an instrument of writing that transfers nonresidential property and is recorded with the clerk of the circuit court for Anne Arundel County, Baltimore City, Baltimore County, Calvert County, Charles County, Frederick County, Howard County, Montgomery County, Prince George's County or St. Mary's County.

It is well known that Maryland ranks among the highest of all states for closing costs, including taxes, imposed in connection with the sale of real property. Increasing the state transfer tax on the purchase and sale of commercial real estate would be damaging to Maryland's already fragile, and some would say hostile, business environment. As you are no doubt aware, the commercial real estate market is presently struggling due to continued fallout from the COVID pandemic as well as relatively high interest rates. Many people who formerly worked in offices are now working from home, with the result that more than a few office buildings are largely, or even entirely, unoccupied. Increasing the taxation on commercial property would only discourage businesses looking to move into, or expand existing operations in, Maryland.

For these reasons, the MLTA respectfully requests that you return an unfavorable recommendation for Senate Bill 881.

Thank you.

MBIA Letter of Opposition SB 881.pdf
Uploaded by: Lori Graf
Position: UNF

MARYLAND
BUILDING
INDUSTRY
ASSOCIATION
11825 West Market Place | Fulton, MD 20759 | 301-776-6242

March 5, 2025

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

RE: MBIA Letter of Opposition SB881 - Transportation - Regional Transportation Authorities

Dear Chairman Guzzone,

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB881 Transportation - Regional Transportation Authorities**. MBIA **opposes** the Act in its current version.

SB881 establishes three new regional transportation authorities for the Baltimore region, Capital region, and Southern Maryland region, each designed to develop and implement transportation plans for their respective areas. These authorities will be formed with members including county executives, local elected officials, state legislators, and transportation experts, and will have powers to prepare regional transportation plans, recommend transportation priorities, oversee regional transportation issues, and seek funding.

The concern from the industry is how the transportation funds in the proposed bill will be financed, which calls for new surcharges, 0.5 percent sales tax surcharge. Adding surcharges at a time when goods are skyrocketing is not going to incentivize consumers to spend more.

These surcharges will only add to the bottom-line costs of goods, regulation and high cost are synonymous with the state of Maryland. Economic development should be the focus, looking at ways to create new commercial tax bases as opposed to adding to the cost of an already high state to live and conduct business in.

For these reasons, MBIA respectfully urges the Committee to give this measure **a un favorable** report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Budget and Taxation Committee

SB0881 - MTC Testimony.pdf

Uploaded by: Matt Libber

Position: UNF

MARYLAND TOURISM COALITION

February 25, 2024

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

RE: Opposition SB0881 - Transportation - Regional Transportation Authorities

Chairman Guzzone and Members of the Committee,

My name is Matt Libber, and I am the Legislative Committee Chair for the Maryland Tourism Coalition (MTC). I am writing to express MTC's opposition to Senate Bill 881 *Transportation - Regional Transportation Authorities.*

While we recognize the importance of improving regional transportation infrastructure, this legislation raises significant concerns for Maryland's vibrant tourism sector. The potential increase in hotel taxes as part of this legislation would place an additional financial burden on visitors. Elevated accommodation costs could discourage overnight stays, reducing visitor spending at local restaurants, entertainment venues, and attractions. This would be especially detrimental for smaller communities that depend on tourism dollars to sustain their economies and support local jobs.

While the bill identifies this as a surcharge, it is in fact a tax increase. The hotel tax has historically supported tourism marketing efforts and the local jurisdiction where the hotels are located. This surcharge would create a precedent in which the hotel tax was used for other purposes and opens the door for this to occur more frequently in the future. Tourism marketing funding from the State level has been flat for nearly a decade while Maryland is continually outspent by our neighboring states. Tourism is a highly competitive market, and we are losing ground from our lack of investment. The tourism industry opposes any new increases to the hotel tax that does not reinvent that new revenue into tourism marketing.

Second, the legislation risks creating a fragmented sales tax system, where inconsistent sales tax regions could confuse visitors and diminish their overall experience. A seamless and cohesive sales tax policy is essential for encouraging exploration across the state's diverse attractions—from the scenic Eastern Shore and historic Annapolis to Baltimore's vibrant Inner Harbor and the natural beauty of Western Maryland.

We urge you to reconsider advancing this legislation and instead explore solutions that enhance transportation infrastructure while supporting tourism growth and accessibility. Our industry is ready and willing to collaborate on initiatives that benefit all Maryland residents and visitors alike.

Thank you for your time and consideration and we ask for an unfavorable report on Senate Bill 881.

Respectfully submitted,

Matt Libber
Legislative Chair
Maryland Tourism Coalition

MGA 2025 Testimony Bill SB0881 (Regional Transport
Uploaded by: Michael Scepaniak
Position: UNF

Bill: SB0881

Bill Title: Transportation - Regional Transportation Authorities

Position: **Unfavorable**

BALT P.O.P. PEOPLE ORIENTED PLACES

Members of the Senate Budget and Taxation Committee,

As a group which views public transit as being a preferred mode of transportation for maximizing the appeal and productivity of Baltimore and its closest-in suburbs, we oppose SB0881.

Over the course of the past year, we have been heartened by the first-year work of the Baltimore Regional Transit Commission (BRTC). We would like to see the BRTC eventually give way to a full-blown Baltimore Regional Transit Authority (BRTA).

On the surface, it would appear that this is what this bill accomplishes. However, the result here would not be a “BRTA”. It is critical to note that this bill would result in the creation of a Baltimore Region **Transportation** Authority, not a Baltimore Region **Transit** Authority.

The Baltimore region already has the Baltimore Regional Transportation Board, the federally designated metropolitan planning organization (MPO) for the Baltimore region. We don’t see the need for the creation of a similarly transportation-focused (as opposed to transit-focused) entity.

To be clear, the tax-issuance and bond-issuance powers that would be afforded such an entity would be unique for the region, and the funneling of revenues yielded by those issuances directly back to the region would be welcome. If that entity was specifically **transit**-focused instead of being broadly **transportation**-focused, we would most likely be in favor of the bill. However, such a transit-oriented focus does not appear to be on the radar for this bill, so we find ourselves firmly opposed to it.

We hope the committee finds these points helpful and convincing and we urge its members to **vote against SB0881**. Thank you for your efforts and the opportunity for us to testify on this legislation.

BaltPOP - Baltimoreans for People-Oriented Places

SB 881 - Regional Transportation Authorities - NAI
Uploaded by: Tom Ballentine
Position: UNF

NAIOP
MARYLAND CHAPTERS
THE ASSOCIATION FOR COMMERCIAL REAL ESTATE

March 3, 2025

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

Unfavorable: SB 881 – Regional Transportation Authorities

Dear Chair, Guzzone and Committee Members:

The NAIOP Maryland Chapters represent approximately seven hundred companies involved in all aspects of commercial, industrial, and mixed-use real estate. On behalf of our member companies, I am writing in opposition to SB 881.

- The new transportation transfer tax surcharge would "double tax" entities that own real estate. In most jurisdictions commercial real estate is already subject to impact fees, special taxing district assessments and excise taxes that generate transportation funding. Adequate Public Facilities regulations generate in-kind services in the form of upgraded intersections and road improvements as a condition of commercial real estate development approval.
- The relationship between the authorities created in the bill and the current metropolitan planning organizations is unclear.
- The purposes of the authorities do not mention the need to move freight which, given the role of the Port of Baltimore, BWI Thurgood Marshall Airport and the state's interstate highway networks should be a central purpose.
- The role of existing transportation infrastructure, and future needs have changed due to post-COVID commuting and shopping patterns. Policy makers should incorporate those dynamics and changing use patterns into transportation spending plans before establishing a new tax framework.

For these reasons, NAIOP respectfully requests your unfavorable report on HB 881.

Sincerely,

T.M. Ballt

Tom Ballentine, Vice President for Policy
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Budget and Taxation Committee Members
Nick Manis – Manis, Canning Assoc.

2025 SB 881 Oppose Transportation - Regional Trans

Uploaded by: William O'Connell

Position: UNF

Real Property Section

MSBA
MARYLAND STATE
BAR ASSOCIATION

To: Budget and Taxation Committee (Senate)

From: MSBA Real Property Section

Date: March 3, 2025 [Hearing Date March 5, 2025]

Subject: SB 881 –Transportation - Regional Transportation Authorities

Position: Unfavorable

The Real Property Section of the Maryland State Bar Association (MSBA) **opposes SB 881** – Transportation - Regional Transportation Authorities**.**

This bill seeks to impose a "transportation authority transfer tax surcharge" of 0.15% on an instrument of writing that transfers nonresidential (aka commercial property) property and is recorded with the clerk of the circuit court for Anne Arundel County, Baltimore City, Baltimore County, Calvert County, Charles County, Frederick County, Howard County, Montgomery County, Prince George's County or St. Mary's County.

Maryland already ranks among the highest of all states for closing costs, including taxes, imposed in connection with the sale and refinancing of real estate. Increasing the state transfer tax on commercial property would be extremely detrimental to Maryland businesses and consumers alike. The commercial real estate market is presently struggling with many retail, restaurants, and entertainment facilities failing. Office buildings are empty. In addition, commercial banks are already struggling given the value of their loans far exceed risk-based capital levels according to The Conference Board calculations using FDIC Institutional Financial Reports data. Authorizing an additional tax to this already struggling sector would be add insult to injury.

Now is not the time chase investors in commercial real estate out of Maryland. According the Harvard Business Review article published on July 23, 2024, *U.S. Commercial Real Estate Is Headed Toward a Crisis* https://hbr.org/2024/07/u-s-commercial-real-estate-is-headed-toward-a-crisis :

> "Increasing office space vacancies linked to remote and hybrid work could extend price declines and deepen losses for lenders in this space. Most empty or underutilized office space is too costly to convert to residential or other uses and will require deeper price concessions. As leases can stretch to 10 years before they are due for renewal, it may take years for the office space market to clear.
>
> Notably, the sharp rise in interest rates has caused all commercial property subtypes, not just offices, to lose value. Indeed, commercial property prices have

> already fallen by 21% from their mid-2022 peak, according to Green Street, a CRE analytics firm, and could ultimately decline by 35%."

And, according to Bloomberg, *Office Real Estate is Facing a 'Year of Reckoning' in 2025*. See https://www.bloomberg.com/news/features/2024-12-18/commercial-real-estate-can-no-longer-ignore-its-problems (December 18, 2024)

In this time of crisis, Maryland simply cannot afford to wipe out an already struggling aspect of its economy.

For these reasons, the Real Property Section of the MSBA opposes Senate Bill 881 and asks for an ***unfavorable report***. Thank you for your consideration.

BRTC Testimony -- Senate BandT - SB 881 - March 5
Uploaded by: Jon Laria
Position: INFO

Letter of Information to the Senate Budget & Taxation Committee

Hearing Date – March 5, 2025

Senate Bill 881: Transportation – Regional Transportation Authorities

Chair Guzzone, Vice-Chair Rosapepe, and members of the Committee, I am Jon Laria, Chair of the Baltimore Regional Transit Commission (BRTC), submitting this Letter of Information as to SB 881 on behalf of the BRTC.

The BRTC was created by the Maryland General Assembly to provide oversight and advocacy for the Baltimore regional transit system, operated by the Maryland Transit Administration (MTA), and to ensure that diverse stakeholder perspectives are represented in agency decisions. The BRTC includes representatives from local government, transportation, industry, business, transit riders, transit advocates, labor, and the Moore-Miller Administration.

In the context of SB 881, I am writing today to draw your attention to a study recently conducted for the BRTC titled "**Alternative Transit Governance and Funding Structures for the Baltimore Region"**. The BRTC commissioned this study because of increasing statewide interest in the viability of regional transit authorities, including by the 2022 Baltimore Metropolitan Council's Transit Governance and Funding Workgroup and the State's Transportation Revenue and Infrastructure Needs (TRAIN) Commission. The study is intended to provide a resource to decision-makers, including the Governor and General Assembly, as the State continues to evaluate alternative structures for transit governance and funding.

The BRTC-commissioned study is focused on the Baltimore regional transit system, whose current structure is highly unusual nationally, with MTA's status as a modal administration entirely within the Maryland Department of Transportation (MDOT). The MTA has no budget or operating independence, and also no governing board. Although the BRTC has been statutorily charged since 2023 with providing advocacy for MTA and limited oversight of the agency, it has no independent powers or direct authority over MTA's budget.

The BRTC-commissioned study identifies three alternative models for a new Baltimore regional transit authority and assesses the basic advantages and potential disadvantages of each. The study is necessarily a first step and not the final word on the merits of a new structure for delivery of transit services, let alone one for all regional transportation assets including but not limited to transit. As you know, SB 881 would immediately enact a bold new governing structure by creating three regional transportation authorities, for each of the Baltimore, Capital, and Southern Maryland regions. The BRTC believes this extremely complicated issue -- how we should fund and run major transportation and transit assets -- requires detailed and deliberate study. Therefore, it respectfully cautions against major restructuring without such prior study to identify and address myriad issues which need to be addressed.

Accordingly, the BRTC respectfully suggests that given the ongoing and intensifying interest in this topic, a formal workgroup should be formed to fully assess the potential for the bill's proposed restructure, before making the type of major structural changes it would effect.

Nonetheless, we strongly commend the sponsors for the introduction of a bill which puts this overdue issue squarely on the General Assembly's agenda, and especially for including potential additional sources of revenue for a badly-underfunded transportation system. Whether these mechanisms or alternatives are ultimately adopted, we applaud and appreciate the opportunity for a full and actionable discussion of a governance and funding structure other than our current one.

The BRTC welcomes the more comprehensive discussion that SB 881 is sure to provoke and provide, and hopes the BRTC-commissioned study can contribute to that discussion.

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Position: INFO

MARYLAND Association of COUNTIES

Senate Bill 881

Transportation – Regional Transportation Authorities

MACo Position:

LETTER OF INFORMATION

To: Budget and Taxation and Finance Committees

Date: March 5, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) takes no position on SB 881 but urges the Committee to consider critical policy concerns. This bill proposes Regional Transportation Authorities and new transportation-related surcharges. While regional collaboration plays a key role in transportation planning, this framework needs substantial revision to ensure local governments – who own and maintain 83% of Maryland's roadways – have a direct role in decision-making.

Counties lack the authority to levy local-option transportation revenues and instead depend entirely on State-levied funds. Despite multiple transportation revenue increases, the State has not restored Highway User Revenues (HUR) to sustainable levels. The proposed fiscal 2026 budget still falls far short of pre-recession funding levels, leaving counties without the resources to meet growing infrastructure demands.

Any discussion of new transportation revenue mechanisms must account for the State's long-standing obligation to support local infrastructure. Local roads make up most of Maryland's transportation network, yet they remain chronically underfunded. Without a meaningful reinvestment in HUR, counties will struggle to maintain safe and reliable roads, let alone support broader regional initiatives.

Furthermore, this bill raises serious concerns about governance, funding, and fiscal accountability. New tax surcharges and bonding mechanisms require careful oversight. Without a clear structure that includes county leadership, these proposals risk diverting resources away from local needs and further complicating an already fragmented funding system. Counties must play a central role in governance, revenue allocation, and project prioritization – not simply serve as funding sources without a voice.

Maryland must address its transportation funding shortfall with a sustainable and equitable approach. If regional authorities move forward, counties must have a seat at the table to ensure fair funding distribution and project planning that meets local needs. MACo remains committed to working with the General Assembly to refine this framework.

SB0881 - LOI - Transportation - Regional Transport

Uploaded by: Matt Mickler
Position: INFO

MARYLAND DEPARTMENT OF TRANSPORTATION

Wes Moore
Governor
Aruna Miller
Lieutenant Governor
Paul J. Wiedefeld
Secretary

March 5, 2025

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

RE: Letter of Information – Senate Bill 881 – Transportation – Regional Transportation Authorities

Dear Chair Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 881 and offers the following information for the Committee's consideration.

SB 881 would create three regional transportation authorities in Maryland, one each for the Baltimore, Capital, and Southern Maryland regions of the State. Modeled after the approach taken in Virginia, these Authorities would each have their own specific fund, resourced from specific taxes outlined in the legislation. The authorities would distribute 70 percent of these regional revenues into a regional transportation fund, and the other 30 percent to counties and municipalities within the region for local transportation priorities. Additionally, the legislation creates a Board for each authority, with representation from local and State elected officials, alongside members of the public. The legislation directs the authorities to develop regional transportation plans and to fund regional priority projects and permits the Authorities to construct the facilities in the plan. The authorities are further directed to make recommendations to MDOT regarding transportation funding and financing issues.

Senate Bill 881 assigns substantial transportation planning functions to the new transportation authorities. Alongside MDOT, the State's Metropolitan Planning Organizations (MPOs) play a critical and federally mandated role in developing regional transportation plans. The Committee may wish to consider integrating MPOs into regional decision-making to avoid duplication and align with federal processes. Additionally, if authorities were transitioned toward more of a "financing authority" model, whose principal functions are to finance projects identified and implemented by others, then MDOT, MPOs, or Counties could identify priority projects, the authority would fund and finance them, and the project sponsor would build them.

Additionally, the successful completion of many major projects requires federal funding. MDOT serves as the direct recipient of federal funding from the Federal Highway Administration and the designated recipient from the Federal Transit Administration. Substantial coordination with MDOT will be required to successfully fund Authority projects, and additional consideration should be given to how the authorities and MDOT would work together to implement successful funding packages for projects.

SB 881, under proposed Transportation Article § 10.5-207, indicates that the authority may construct certain infrastructure. The State of Maryland has ample public agencies at the State and local level that are qualified to deliver major infrastructure projects. MDOT suggests that authorities not be included as one of the parties responsible for the ongoing implementation and operation of transportation facilities.

Finally, SB 881 should consider evaluation and prioritization of projects. As the Committee is aware, MDOT has proposed legislation to address the project prioritization process, known as Chapter 30. A new authority structure would benefit from making use of a reformed prioritization approach to ensure that projects funded by the authorities represent the projects with largest benefit for the region and the State.

The Maryland Department of Transportation respectfully requests that the Committee consider this information when deliberating Senate Bill 881.

Respectfully submitted,

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Assistant Secretary for
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SB 881 - MoCo_DOT_Wenger_Info Only (GA 25).pdf
Uploaded by: Melanie Wenger
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Montgomery County
Office of Intergovernmental Relations

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SB 881 **DATE: March 5, 2025**

SPONSOR: Senator Rosapepe

ASSIGNED TO: Budget and Taxation Committee and Finance Committee

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

POSITION: Informational Only (Montgomery County Department of Transportation)

Transportation – Regional Transportation Authorities

Senate Bill 881 establishes the Baltimore, Capital, and Southern Maryland regional transportation authorities. Each regional transportation authority is charged with developing and implementing a regional transportation plan along with a regional transportation fund. The regional transportation fund would receive revenues from a combination of sales tax surcharges, hotel surcharges, and transfer tax surcharges implemented in the member jurisdictions. Funds would be allocated to both regionally significant and locally focused projects using a 70/30 split of the funding available.

The Montgomery County Department of Transportation (MCDOT) wants to emphasize the urgent need for greater investment in transportation infrastructure in the State as a necessary precursor for job creation, held back by insufficient mobility and a transportation financing structure in need of modernization. New and innovative models of funding are needed to address the lack of funding available to make necessary investments and alternative organizational structures that might result in more efficiently prioritizing and deploying projects should be considered. MCDOT would welcome serious consideration of these changes, which Senate Bill 881 contemplates.

Certainly, to avoid unintended consequences, the details of the major changes reflected in the bill would be important to better understand. For example, it is unclear how the regional transportation plans would incorporate current local transportation priorities. It is also unclear how the new regional authorities created under the bill would function with their respective metropolitan planning organizations, such as the Metropolitan Washington Council of Governments Transportation Planning Board for the Capital Region. Consideration should also be given to enact funding models that can rely to the extent possible on existing organizations to minimize administrative burdens.

Given the strong interest in overhauling the State's current antiquated system of financing and deploying transportation infrastructure, MCDOT urges the Budget and Taxation and Finance Committees to consider stopping short of passing Senate Bill 881 as introduced; but, instead, rigorously pursue the details of how this concept could be implemented to further the State's economic development goals.

Local 1300 Position Statement on Regional Transpor
Uploaded by: Michael McMillan
Position: INFO

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Proudly representing the transit workers of the MTA!

2025 Legislative Position on All Regional Transportation Authority Bills

HB 1370 - Transportation - Regional Transportation Authorities
SB 881 - Transportation - Regional Transportation Authorities
SB 935 - Transportation - Regional Authorities - Established

INFORMATIONAL
March 4th, 2025

ATU Local 1300 represents over 3,000 transit workers at the Maryland Transit Administration (MTA). This includes bus operators, bus mechanics, rail operators, rail maintenance workers, and more. Our members keep Maryland moving every day.

ATU Local 1300 strongly supports efforts at finding additional revenue that could help support the transportation operations and infrastructure of Maryland. It is an urgent need that can not be ignored. With that in mind, we applaud the multiple bills introduced in 2025 that seek to expand the taxing authority of different regions to fund additional transportation projects and services.

Unfortunately, we have concerns that pursuing these approaches may pit regions against each other and undermine the collective bargaining power of existing and future transit workers.We hope to explain some of those concerns below.

Are These Authorities Operators?
HB 1370 / SB 881 seems to emphasize that these entities are for financing the construction of transit projects and advice, but we have concerns with the broad language around entering into contracts or creating and being members of corporations that could leave the door open for these transportation authorities to one day become transit operators themselves. For example, 10.5-206 (A)(9) states that the authority may, "fix and collect rates, rentals, fees, royalties, and charges for services and resources it provides or makes available." This may be bog standard authority language, but it leaves open possibilities we are concerned about.

The nation's capital region had a fully unified bus system in 1972, just fifty years later there are more than a dozen transit operators working and often competing with each other in the same region. We must oppose any possibility that these transportation authorities could be new entities that actually operate and maintain or contract with entities to operate and maintain transit service until there has been enough time to understand the long term consequences of this approach.

We believe that a simple fix to this problem is to explicitly add language barring the transportation authorities from operating or maintaining transportation service, or entering into contracts to do the same. In short, we believe that Maryland suffers from a lack of frequent and reliable transit service, not from a shortage of independent transit operations authorities.

Are the Workers at these Authorities Able to Unionize?
As it is written, these transportation authorities are bodies politic and corporate and are instrumentalities of the state. Yet, because they were not named in the state's Public Employees Relations Act (PERA) of 2023 and are excluded from the National Labor Relations Act, these workers employed by these Authorities would have no rights to unionize. Maryland already has too many workers excluded from these basic rights. We encourage you to correct this oversight, by applying the PERA article to them as well.

How Does This Interact with Section 13C Urban Mass Transportation Act Protections?
13C Overview from the Federal Department of Labor:

> *"When federal funds are used to acquire, improve, or operate a mass transit system (public transportation), federal law requires arrangements to protect the interests of mass transit employees. 49 U.S.C. § 5333(b) (formerly Section 13(c) of the Urban Mass Transportation Act). Section 5333(b) specifies that these protective arrangements must provide for the preservation of rights and benefits of employees under existing collective bargaining agreements, the continuation of collective bargaining rights, the protection of individual employees against a worsening of their positions in relation to their employment, assurances of employment to employees of acquired transit systems, priority of reemployment, and paid training or retraining programs. 49 U.S.C. § 5333(b)(2). The Department of Labor (DOL) must certify that protective arrangements are in place and meet the above requirements for all grants of assistance under of the Federal Transit Law before the Department of Transportation's Federal Transit Administration (FTA) can release funds."*

If these new transportation authorities are created how would it impact the existing transit workforces protected by these Federally mandated arrangements?

Why Does It Explicitly Allow for Recommending Public Private Partnerships?
The language in HB 1370 / SB 881 explicitly states that the authorities can recommend "public-private transportation projects." After Maryland's disastrous experience with the purple line construction and delivery, it seems absurd to enshrine this type of approach in law.

How Would the Baltimore Regional Transportation Authority Envisioned in this Bill Interact with the Baltimore Regional Transit Commission and other Proposals for a Baltimore Regional Transit Authority?
For the last half decade, there have been multiple proposals for "regionalizing" the bus, light rail, and heavy rail transit in the greater Baltimore area. Calls typically propose creating a Baltimore Regional Transit Authority (or BRTA), akin to the Washington Metropolitan Area Transit Authority (WMATA). This would be an entity distinct from the Maryland Transit Administration (MTA). As part of the compromises towards granting Baltimore residents more control over their transportation service, a Baltimore Regional Transit Commission (BRTC) was formed to provide advice and input regarding transportation plans. How would the newly proposed authority in these bills interact with the existing BRTC? Both appear to be assigned conflicting planning oversight roles, but only the BRTA has direct revenue raising, bonding, and transit project funding ability.

ATU Local 1300 has a complicated relationship to regionalization. Our members used to work at the Baltimore Transit Company before it eventually became the Maryland Transit Administration. We have concerns about what regionalization might do to the state's pension liabilities. We also have concerns about maintaining our collective bargaining rights. That is part of the reason for years we have urged further study and answers to our questions before anyone moves forward with such approaches.

To address some of our concerns with past legislation, ATU Local 1300 was granted non-voting representation on the Baltimore Regional Transit Commission. If these powers and duties shift over to the BRTA proposed in these bills, we lose our representation and voice.

Conclusion

Thank you for your patience and understanding. We cannot emphasize enough how important the revenues that these entities could raise are to the future of transportation in Maryland. Unfortunately, before we could support such a proposal we need firm answers to our concerns.