
February 27, 2025

The Honorable Marc Korman
Chair, House Environment and Transportation Committee
251 House Office Building
Annapolis MD 21401

***RE: Letter of Opposition – House Bill 1203 – Maryland Transportation Authority –
Replacement for the Francis Scott Key Bridge – Suspension of Tolls***

Dear Chair Korman and Committee Members:

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) respectfully oppose House Bill 1203 as it would prohibit MDTA from charging a toll for the use of the new bridge over the Patapsco River, to replace the collapsed Francis Scott Key (FSK) bridge, for a period of five years following the opening of the new bridge to passenger traffic.

MDTA is responsible for the entire 10.9-mile Francis Scott Key Bridge facility, including 22 bridges other than the Key Bridge proper, 7 small structures, 167 ancillary structures, 38.5 lane miles of highway, and 1.5 lane miles of Broening Highway, all of which are maintained exclusively by toll dollars. The current six-year capital program for the full facility, excluding reconstruction costs, totals \$165 million.

The external traffic and revenue consultant CDM Smith forecasts revenues from this facility of approximately \$40 million in the first partial year of reopening to traffic and approximately \$60 million for the first full year of normal operations. With the passage of HB 1203, these revenues would go unrealized, placing additional strain on MDTA revenues to support this facility.

After the new bridge is reconstructed, the suspension of tolls at one out of three Patapsco River crossings (FSK Bridge, Baltimore Harbor Tunnel, Fort McHenry Tunnel) is unworkable for the tolling system due to diversions that would increase traffic congestion and materially reduce system revenues. That is, if one of the three facilities was not tolled, traffic would divert from the two tolled river crossings to take advantage of the free option. Of the approximately \$225 million in projected annual collections at the Baltimore Harbor Tunnel and Fort McHenry Tunnel in FY 2030 and beyond, it is unknown what portion of revenue would be lost due to diversion; however, any loss would strain MDTA operations.

While MDTA has temporarily suspended tolling on the FSK facility due to the catastrophic collapse of the bridge, the Authority plans to resume tolling once the new bridge is opened in order to ensure a balance of traffic across the three harbor crossings. MDTA has an existing Trust Agreement that contractually binds the Authority to operate its facilities in accordance with the Trust Agreement covenants, which creates rights and protections for its bondholders. The

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FSK facility is part of the Trust Agreement, and MDTA has pledged all revenues from the facility as security for its bondholders. Removal of this revenue-generating asset from the trust estate would constitute a violation of the Trust Agreement and authorize the Trustee to take any necessary actions to correct the breach.

HB 1203 prevents the MDTA from tolling a customer movement that has been tolled since the original facility was constructed. This legislation also impacts the MDTA Board's independent toll-rate setting authority. The Key Bridge Rebuild is a high-profile project that is being carefully monitored by the credit rating agencies and bondholders. Toll setting independence is a critical Toll Sector Ratings Methodology factor. Any loss of independent toll setting authority and diminished revenues are detrimental to the credit rating and result in higher financing costs. These, in turn, must be borne by toll payers across all MDTA facilities. A one-notch ratings downgrade results in an estimated \$1.2 million annual debt service increase for the \$3 billion in planned financings over the next seven years.

Following the collapse of the Key Bridge, the Federal Highway Administration (FHWA) issued a National Environmental Policy Act (NEPA) Categorical Exclusion (CE) on July 23, 2024 that requires the reconstruction of the new bridge to occur within the existing right-of-way and in a manner that substantially conforms to the preexisting design, function, and location as the original bridge. Betterments are not permissible under this NEPA approval, and these betterments would include any changes that are not for the purpose of bringing the structure up to today's design standards, such as modifying the tolling program. As such, HB 1203 potentially threatens MDTA's NEPA CE approval granted by FHWA for the construction of the new bridge.

The Maryland Department of Transportation and the Maryland Transportation Authority respectfully request the Committee consider this information when deliberating House Bill 1203 and issue the bill an unfavorable report.

Respectfully submitted,

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