MARYLAND DEPARTMENT OF TRANSPORTATION

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Governor
Aruna Miller
Lieutenant Governor
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Secretary

February 13, 2025

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

***RE: Letter of Opposition – House Bill 679 – Maryland Transportation Authority – Patapsco River Toll Bridge – Design***

Dear Chair Korman and Committee Members:

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) respectfully opposes House Bill 679 and offers the following information for the Committee's consideration.

HB 679 requires the MDTA to design and locate the entrances and exits to the new bridge over the Patapsco River that will replace the Francis Scott Key (FSK) Bridge, and the associated roads, to ensure that a vehicle that does not cross the bridge is not required to pay a toll.

The MDTA is responsible for the entire 10.9-mile 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 must be maintained exclusively by toll dollars.

Following the collapse of the FSK Bridge, a Categorial Exclusion (CE) under the National Environmental Policy Act (NEPA) was issued on July 23, 2024 requiring the reconstruction of the new bridge within the existing right-of-way of the collapsed FSK Bridge and in a manner that substantially conforms to the preexisting design, function, and location as the original. Betterments are not permissible under this NEPA classification. 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 or locations.

Modifying the existing ramps or the tolling program at the new FSK Bridge would require a full analysis of traffic impacts, including diversions that may occur due to new traffic patterns, as well as community and environmental impacts. This full analysis is estimated to cost $700,000 and would delay construction of the new bridge, exacerbating impacts to the regional economy, traffic congestion, and the effect of inflation on the overall reconstruction cost for the new bridge. Additionally, federal funds could be affected if the design, including approaches, deviates from the original footprint per the NEPA CE. The negative impacts of HB 679 extend well beyond the rebuild efforts and into the operation of the new bridge. The estimated lost toll revenue would be approximately $1 million annually if HB 679 is enacted.

HB 679 limits the MDTA's ability to toll the entirety of the Key Bridge facility and removes an existing tolling point from the system. The Authority's Trust Agreement contractually binds the MDTA to operate its facilities in accordance with the Trust Agreement covenants. This agreement creates rights and protections for the MDTA's bondholders. Covenants limit the removal of a revenue generating asset from the trust estate, as it would diminish the pledged revenues.

The MDTA has suspended tolling on a temporary basis due to the collapse of the bridge. During the rebuild, the MDTA was able to identify a special circumstance that permitted the suspension of tolls in accordance with its Trust Agreement and the concurrence of the MDTA Board. By contrast, HB 679 prevents the MDTA from tolling a customer movement that has been tolled since the original facility was constructed and impacts the MDTA Board's independent toll-rate setting authority. The FSK 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 perception of the loss of independent toll setting authority and diminished revenues would be detrimental to the MDTA's credit rating and will result in higher financing costs – these costs must then be borne by toll payers across all toll facilities owned and operated by MDTA. A one-notch ratings downgrade would result in an estimated $1.2 million increase in annual debt service for the $3 billion in planned debt financing over the next seven years.

It should also be noted that the MDTA already provides substantial discounts when tolling the segment of the facility impacted by this bill. For example, five-axle vehicles using Maryland *E-ZPass*® receive a 58% discount. The Maryland Department of Transportation and the Maryland Transportation Authority respectfully request that the Committee consider this information and issue House Bill 679 an unfavorable report.

Respectfully submitted,

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