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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 386: Metro Funding Modification Act of 2026

Testimony of Delegate Marc Korman – Favorable

Thank you, Mr. Chair, Madame Vice Chair, and the members of the Appropriations and Environment and Transportation Committees. I come before you today to present HB 386, the Metro Funding Modification Act of 2026.

As you are aware, the state is responsible for allocating funding annually to support the Metro system in Maryland's DC suburbs as a part of the Washington Metropolitan Area Transit Authority (WMATA) Compact with the Commonwealth of Virginia (VA) and the District of Columbia (D.C.). Metro service is crucial for Marylanders who rely on the service to commute through the D.C. Metropolitan area. But it is also crucial for drivers because it keeps cars off the road and in front of them. It also has environmental benefits by reducing pollution. Metro is also critical to our economy. 9,000 of Metro's 13,000 employees live in Maryland, Metro's new railcars are being assembled at the Hitachi plant in Washington County, and—just looking at Montgomery County—just 2% of the land is within a half mile of a Metrorail station, but 30% of the jobs and over 20% of the business establishments are concentrated there.

Maryland's state support for Metro comes in three main tranches: operating, capital as part of a multi-year capital funding agreement, and dedicated capital funding agreed to in 2018 as part of a bipartisan, regional agreement. That was necessary because the system had fallen into a dangerous and inefficient state of disrepair. Maryland's share of that 2018 funding, proportionate with our partners in DC and Virginia, was \$167 million. Metro did with that money what we asked them to. They issued bonds and did massive capital repair work. That has led to less track fires, longer times between repairs for equipment, and much more. And riders have noticed the improvement. Metro leads the country in post-COVID ridership recovery. Indeed, bus and weekend ridership is often higher than before COVID.

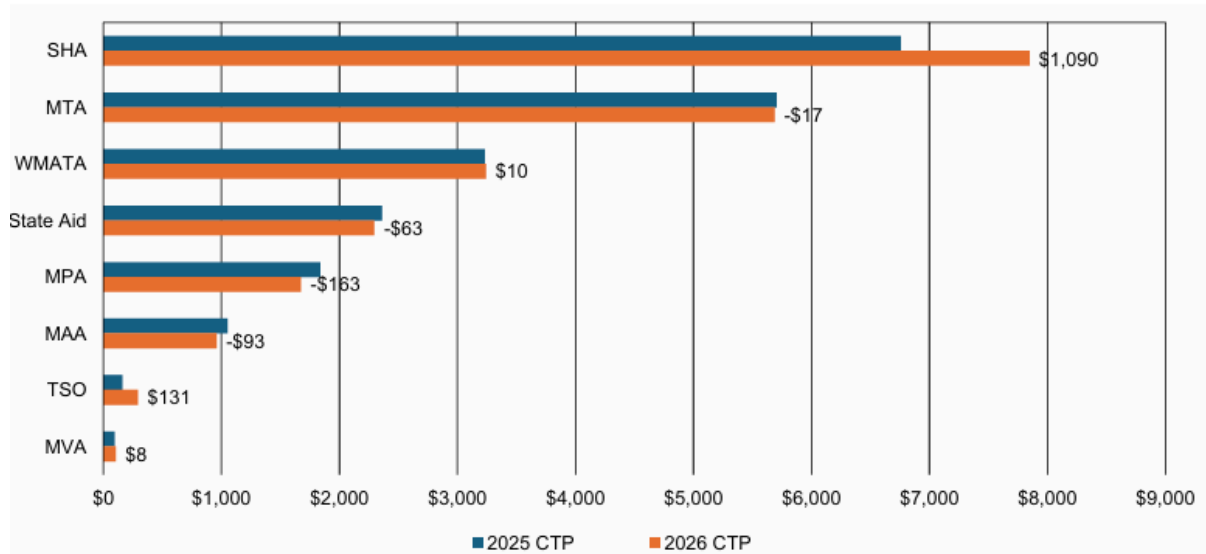
When we passed the \$167 million contribution in 2018, we knew it was a flat number. So at that time, we pegged our prior capital contribution to a growth factor. That was not in accordance with the rest of the region so it has presented a challenge. In addition, because the \$167 million is a flat figure, it has lost over 30% of its value and by FY29 will only be funding debt service, not actual capital work.

Recognizing this forthcoming challenge, the region convened the DMV Moves Task Force about 18 months ago. I participated alongside the Maryland Department of Transportation and Senator Augustine, as well as Montgomery and Prince George's County officials. The bill before you is the result of that task force. The task force identified a need for a regional commitment of \$460 million to address the inflation erosion and fund Metro's most significant capital need: a new signaling system. The signaling system will be a major investment, but a modern system will also be much more cost-efficient than capital construction to address capacity constraints. For example, with a signaling system Metro will be able to run more trains under the Potomac River without building a new tunnel. And so we are not back here again in a few years, it is pegged to grow at 3% a year. Maryland's share of this is approximately \$150 million, based on a formula. And it is dependent on DC and Virginia meeting their own obligation under the law.

If this feels familiar, it is because I have been trying to address the problem of the fixed capital contribution for several years. The House has previously passed a version of this, and the Senate has not.

Now, to state the obvious, I recognize that Maryland has many transportation and infrastructure needs. My own region has other needs besides Metro and I know yours do too. Last week, my committee had its fiscal briefing and we heard a lot about the progress the Maryland Department of Transportation is making, thanks to the revenue this committee led on, and our residents are paying for. And I was fascinated by the chart that basically shows where the new funds are going. Almost entirely to the State Highway Administration. SHA has massive needs and, like you, I want my roads resurfaced, my bridges maintained, and my car travel smoother. I will recognize that SHA has needs and these investments are critical. And I ask each of you to share that same view when it comes to WMATA's needs, as well as the Maryland Transit Administration's and our other modes.

CTP Funding Comparison Cont.
Fiscal 2026-2031
(\$ in Millions)



CTP: Consolidated Transportation Program
 MAA: Maryland Aviation Administration
 MPA: Maryland Port Administration
 MTA: Maryland Transit Administration
 MVA: Motor Vehicle Administration
 SHA: State Highway Administration
 TSO: The Secretary's Office
 WMATA: Washington Metropolitan Area Transit Authority

This year's legislation contains no funding mechanism. There is precedent for that: it was the deal Governor Hogan negotiated with us in the 2018 legislation. This bill would anticipate a similar approach where it is passed and then the Administration and the Department of Transportation will have a few years to implement it. And I am open to working with our regional partners on phasing in the funding or other innovative solutions.

I do want to highlight some specifics about the bill. Because Metro would invest these funds in an important signaling system, we want to ensure our workforce is not adversely affected. Therefore, we worked with the Amalgamated Transit Union to ensure our workers have a seat at the table in implementing the legislation, and no current workers are adversely affected. In addition, if the bill is to move, it requires two amendments: First, the reference to the Metrorail Operating Subsidy Allocation Formula is incorrect and should be updated to Metro's 2026 capital formula. That does not affect the amount of funds Maryland would invest. Second, we should clarify that any additional funds Maryland puts forth can serve as a match for additional federal dollars. I will make sure counsel has technical language.

Thank you for your consideration. I urge a favorable report.