

January 21, 2026

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

RE: Letter of Support – Senate Bill 188 – Maryland Transportation Authority – Revenue Bond Cap Increase

Dear Chair Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) support Senate Bill 188 and offer the following information for the Committee’s consideration.

SB188 would increase the MDTA’s revenue bond limit to \$5 billion from its current cap of \$4 billion in response to financing needs associated with MDTA’s capital preservation program and the Francis Scott Key Bridge reconstruction. Currently, MD Code, Transportation §4–306 establishes that “revenue bonds secured by toll revenue may be issued in any amount as long as the aggregate outstanding and unpaid principal balance of the revenue bonds secured by toll revenue and revenue bonds of prior issues does not exceed \$4,000,000,000 on June 30 of any year.” A lower bonding limit hampers the legally required capital maintenance of the tolling facilities. Depending on the federal reimbursement speed, Key Bridge financing needs may cause MDTA debt to rise more quickly during the six-year program period and exceed the \$4 billion bonding limit in fiscal year 2027. Some portion of capital preservation projects are financed over the useful lives of the improvements, and the remaining portion is funded on a PAYGO basis from net operating revenues.

Recognizing the legal requirement to maintain the facilities in good working condition, a bonding capacity of less than \$5 billion could require a larger increase in tolling rates and revenues to support a larger proportion of PAYGO funding. Additionally, the need to fund the Key Bridge reconstruction costs prior to federal reimbursements may necessitate substantial short-term financings during the multi-year construction period.

The Maryland Department of Transportation and the Maryland Transportation Authority respectfully request the committee to consider this information when deliberating Senate Bill 188 and request a favorable report.

Respectfully submitted,

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