
Maryland Department of Transportation

Fiscal 2027 Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

January 2026

For further information contact: Samuel M. Quist

samuel.quist@mga.maryland.gov

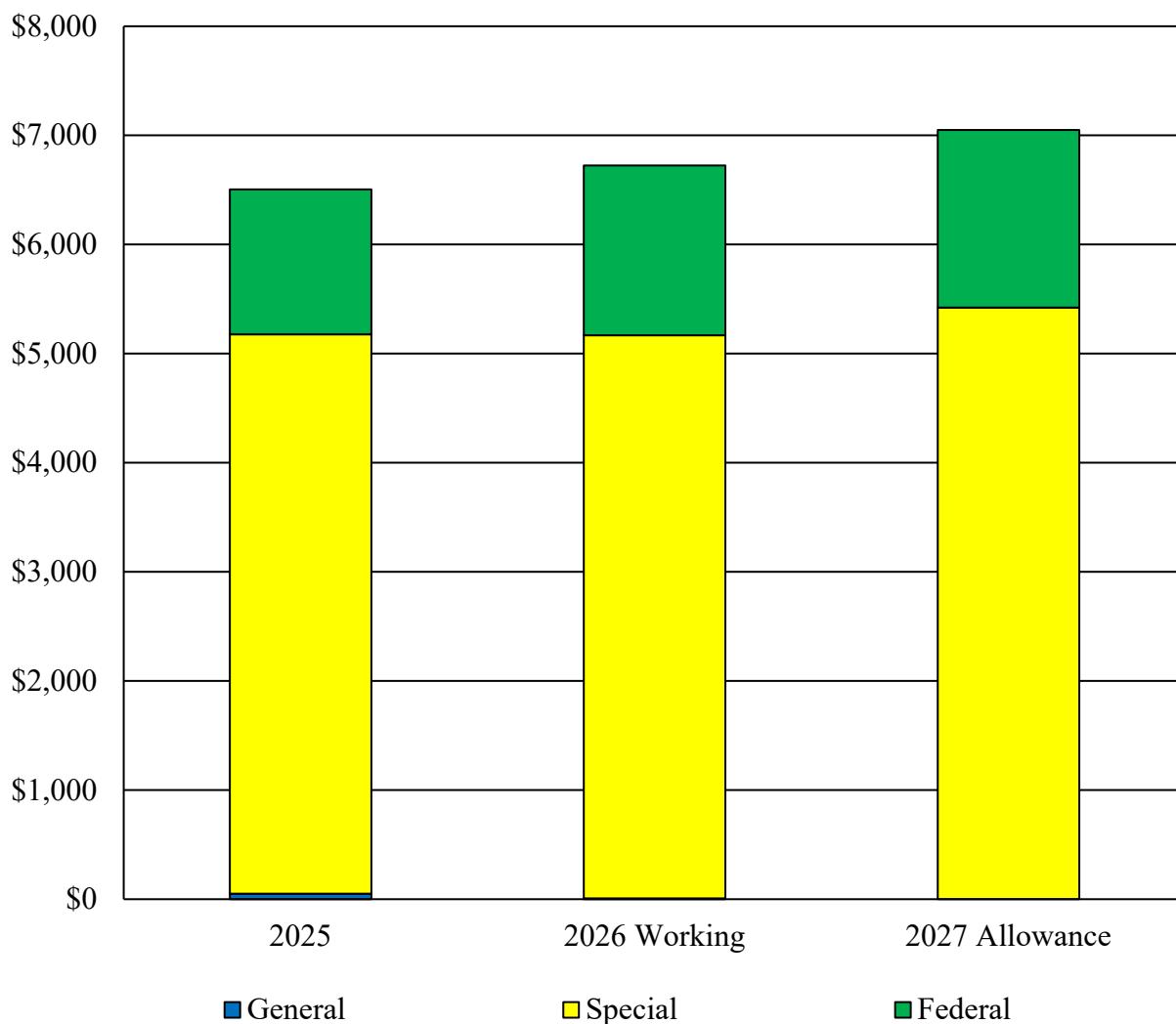
Analysis of the FY 2027 Maryland Executive Budget, 2026

Executive Summary

This analysis provides an overview of the status of the six-year Transportation Trust Fund (TTF) forecast, including revenue and spending projections, as well as a summary of the entire fiscal 2027 budget for the Maryland Department of Transportation (MDOT).

Budget Summary

Fiscal 2027 Budget Increases \$326.1 Million, or 4.8%, to \$7.0 Billion
(\$ in Millions)



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Key Observations

- MDOT’s January 2026 TTF financial forecast reflects the availability of new and increased transportation revenues enacted during the 2024 and 2025 sessions. These new revenues provide approximately \$4.9 billion in additional revenue to the TTF through fiscal 2031, or approximately \$815 million annually between fiscal 2026 and 2031.
- The fiscal 2026 to 2031 *Consolidated Transportation Program* (CTP) includes \$22.1 billion of programmed spending over the six-year period and is \$903 million larger than the prior year CTP. The majority of the increased capital spending is comprised of additional federal fund expenditures for the State Highway Administration (SHA). Programmed spending in SHA increases by nearly \$1.1 billion, and programmed federal fund spending increases by \$890 million compared to the prior year CTP.

Operating Budget Recommended Actions

1. Add annual language requiring notification of changes to the capital program.

J00
Maryland Department of Transportation
Fiscal 2027 Budget Overview

Transportation Trust Fund Overview

The TTF is a nonlapsing special fund that provides funding for transportation. It consists of tax and fee revenues, operating revenues, bond proceeds, and fund transfers. MDOT issues bonds backed by TTF revenues and invests the TTF fund balance to generate investment income. The Maryland Transit Administration (MTA), the Motor Vehicle Administration (MVA), the Maryland Port Administration (MPA), and the Maryland Aviation Administration (MAA) generate operating revenues that cover a portion of their operating expenditures.

The tax and fee revenues include motor fuel taxes (MFT), titling taxes, vehicle registration fees, a portion of the corporate income tax, other miscellaneous motor vehicle fees, and other new tax and fee revenues enacted by the General Assembly during the 2024 and 2025 sessions. A portion of these revenues is credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA), the balance of which is used as the basis for calculating the amount of local aid to be provided through mandated capital appropriations. The funds retained by the TTF support the capital program, debt service, and operating costs.

Fiscal 2025 TTF Revenue Closeout

As shown in **Exhibit 1**, the TTF ended fiscal 2025 with a fund balance of \$327 million, which was \$73 million lower than the estimated closing balance of \$400 million that was projected in the January 2025 financial forecast.

Exhibit 1
Fiscal 2025 Transportation Trust Fund Closeout
(**\$ in Millions**)

	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>
Starting Fund Balance	\$631	\$631	\$0
Revenues			
Motor Fuel Taxes	\$1,364	\$1,371	\$7
Titling Taxes	1,083	1,105	22
Sales Tax – Rental Vehicles	47	46	-1
Corporate Income, Registrations, and Miscellaneous			
Motor Vehicle Administration Fees	1,341	1,320	-21
MDOT Operating Revenues (MAA, MPA, MTA)	465	453	-12

	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>
Federal Assistance – Operating and Capital	1490	1328	-162
Transfers In/Out	297	301	4
Other Receipts and Adjustments	43	154	111
Bond Proceeds and Premiums	230	212	-18
Deductions – Other Agencies	-91	-89	2
Revenues	\$6,269	\$6,201	-\$68
Uses of Funds			
MDOT Operating Expenditures	\$2,997	\$3,034	\$37
MDOT Capital Expenditures – State Funds	1,330	1,455	125
MDOT Capital Expenditures – Federal Funds	1,350	1,199	-151
MDOT Debt Service	430	430	0
Highway User Revenue	393	388	-5
Expenditures	\$6,500	\$6,505	\$5
Ending Balance	\$400	\$327	-\$73

MAA: Maryland Aviation Administration
 MDOT: Maryland Department of Transportation

MPA: Maryland Port Administration
 MTA: Maryland Transit Administration

Note: Numbers may not sum to total due to rounding.

Source: Maryland Department of Transportation; Department of Legislative Services

Total revenues closed out \$68 million lower than projected, primarily due to underattainment in federal assistance for the operating and capital programs, which were in total \$162 million lower than projected. Although State-sourced revenues closed out \$94 million higher than projected, this only partially offset the underattainment in federal revenues.

Total expenditures were a net \$5 million higher than projected, with \$37 million in increased spending for operations offsetting a \$32 million reduction in capital expenditures.

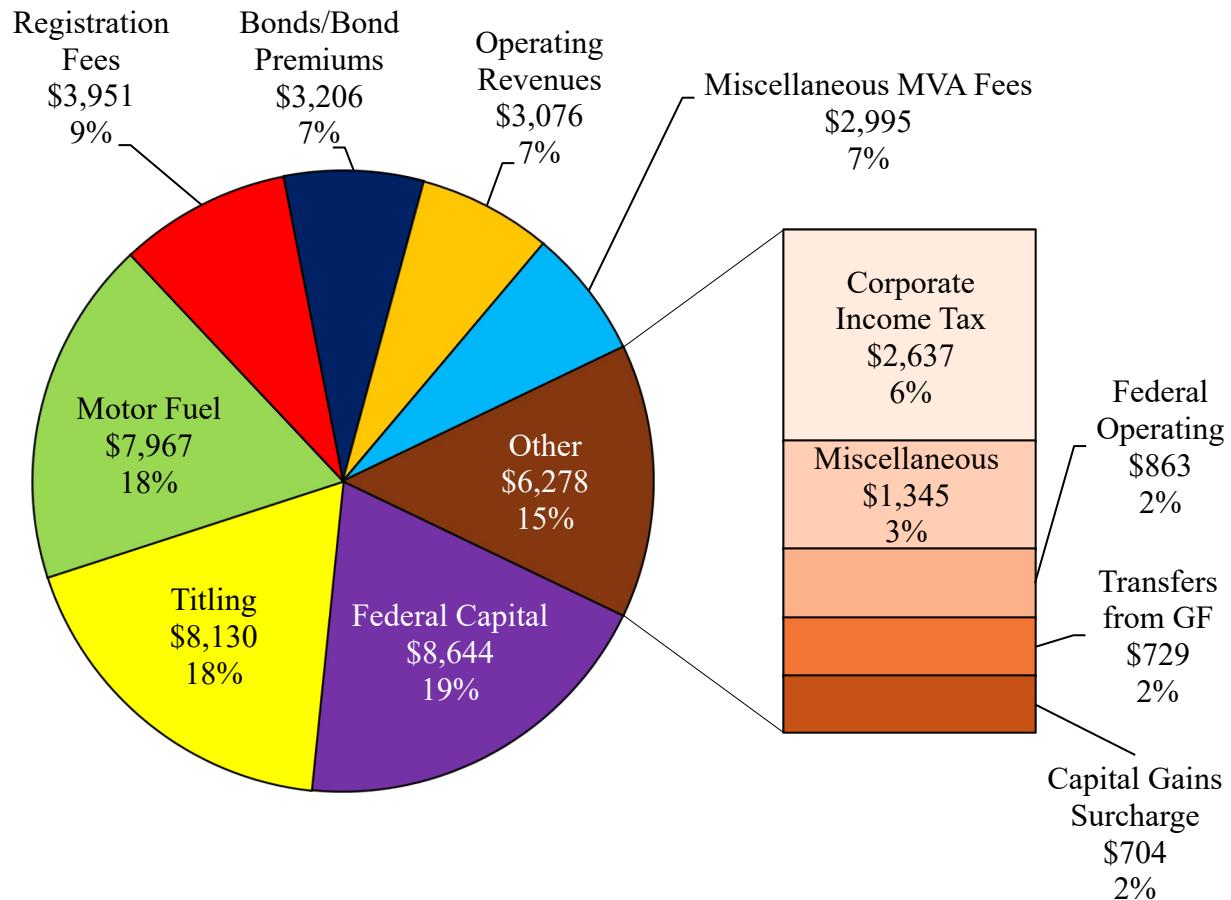
Fiscal 2026 Year-to-date Revenue Attainment

Fiscal 2026 revenue attainment through November 2025 from the TTF's three largest State revenue sources – MFTs, titling taxes, and vehicle registration fees – was \$154.6 million higher than projections based on five-year average attainment rates. MFT attainment was \$23.0 million higher than expected, titling taxes were \$18.7 million higher, and registration fees were \$113 million higher. If revenue attainment continues at the same pace for the remainder of the year, collections will be \$398 million higher than projected.

Fiscal 2026 through 2031 Revenues

Exhibit 2 shows that the TTF's largest revenue sources in the fiscal 2026 to 2031 forecast period are federal capital assistance, titling taxes, MFTs, and vehicle registration fees, which collectively represent approximately 65% of total projected revenue. As a result of increases in titling tax revenue sources enacted during the 2025 session, combined with projected declines in MFT revenue, the titling tax is projected to surpass MFT to be the largest State-sourced revenue source over the forecast period. In support of the capital program, MDOT is projecting \$3.2 billion in bond proceeds and bond premiums, representing 7.2% of total revenues over the six-year forecast period. Additionally, the TTF forecast anticipates \$729 million in general fund transfers over the six-year forecast. The majority of these general fund transfers (\$668 million) represent anticipated future appropriations for the dedicated capital grant for the Washington Metropolitan Area Transit Authority (WMATA) in fiscal 2028 through 2030. In fiscal 2026 and 2027 only, the WMATA dedicated capital grant is funded through general obligation (GO) bond funds in place of general fund transfers. MDOT has clarified that reported general fund transfers of \$50 million in fiscal 2026 and \$10 million in fiscal 2027 reflect special funds from the Strategic Energy Investment Fund (SEIF).

Exhibit 2
Transportation Trust Fund
State-sourced Revenues and Federal Funds
Fiscal 2026-2031
(\$ in Millions)



GF: General Fund

MVA: Motor Vehicle Administration

Note: Does not include general obligation bond proceeds and other capital funding sources that do not flow through the Transportation Trust Fund.

Source: Maryland Department of Transportation, Fiscal 2026-2031 *Transportation Trust Fund Financial Forecast*, January 2026; Department of Legislative Services

Six-year TTF Forecast Summary

Exhibit 3 shows the TTF forecast summary including both the fiscal 2025 actual and the fiscal 2026 to 2031 projections. The exhibit provides opening and closing balances, revenue and expenditure projections, debt outstanding at the end of the year, the net income debt service coverage ratio, and a summary of capital program funding by source.

Exhibit 3
Transportation Trust Fund Forecast Summary
Fiscal 2025-2031
(\$ in Millions)

	Actual	2025	2026	2027	2028	2029	2030	2031	Total	2026-2031
Opening Fund Balance		\$631	\$327	\$375	\$550	\$550	\$550	\$550		
Closing Fund Balance		\$327	\$375	\$550	\$550	\$550	\$550	\$550		
Net Revenues										
Taxes and Fees	\$3,751	\$4,280	\$4,306	\$4,362	\$4,464	\$4,588	\$4,720		\$26,720	
Operating and Miscellaneous	734	694	699	783	781	779	818		4,554	
<i>Subtotal</i>	\$4,485	\$4,974	\$5,005	\$5,145	\$5,245	\$5,367	\$5,538		\$31,274	
Bond Proceeds	\$212	\$381	\$785	\$555	\$490	\$550	\$445		\$3,206	
General Fund Transfers In	301	51	10	167	167	167	167		729	
Fund Balance Increase/Use	304	-48	-175	0	0	0	0		-223	
Total Net Revenues	\$5,302	\$5,358	\$5,625	\$5,867	\$5,902	\$6,084	\$6,150		\$34,986	
Expenditures										
Debt Service	\$430	\$419	\$453	\$485	\$514	\$555	\$571		\$2,997	
Operating Budget	3,034	3,159	3,342	3,425	3,578	3,699	3,827		21,030	
State Capital (Including State Aid)	1,838	1,780	1,830	1,957	1,810	1,830	1,752		10,959	
Total Expenditures	\$5,302	\$5,358	\$5,625	\$5,867	\$5,902	\$6,084	\$6,150		\$34,986	
Debt										
Debt Outstanding	\$2,895	\$2,901	\$3,372	\$3,598	\$3,737	\$3,902	\$3,952			

	Actual	2025	2026	2027	2028	2029	2030	2031	Total
									2026-2031
Debt Service Coverage: Net Income		3.6	3.1	3.6	3.2	2.9	2.6	2.5	
Capital Summary									
State Capital	\$1,451	\$1,342	\$1,392	\$1,614	\$1,462	\$1,469	\$1,380	\$8,659	
Other Funds	501	662	524	481	385	186	267	2,505	
State Aid – Capital Grants	387	438	438	342	350	360	370	2,298	
Net Federal Capital (Cash Flow)	1,199	1,415	1,485	1,676	1,563	1,357	1,148	8,644	
Total Capital Expenditures	\$3,538	\$3,857	\$3,839	\$4,113	\$3,760	\$3,372	\$3,165	\$22,106	

Note: Numbers may not sum to total due to rounding. Of the general fund transfers in, \$50 million in fiscal 2026 and \$10 million in fiscal 2027 reflect special funds from the Strategic Energy Investment Fund. The fiscal 2027 portion is contingent on legislation authorizing the use of funds for this purpose.

Source: Maryland Department of Transportation, Fiscal 2026-2031 *Transportation Trust Fund Financial Forecast*, January 2026; Department of Legislative Services

Revenues are first used to pay debt service and then to cover the department's operating expenses. Remaining revenues are used for the capital program. The capital program is also funded through the sale of bonds; federal aid; and, in most years since fiscal 2020, general fund transfers from the Dedicated Purpose Account to cover all or a portion of the WMATA dedicated capital grant.

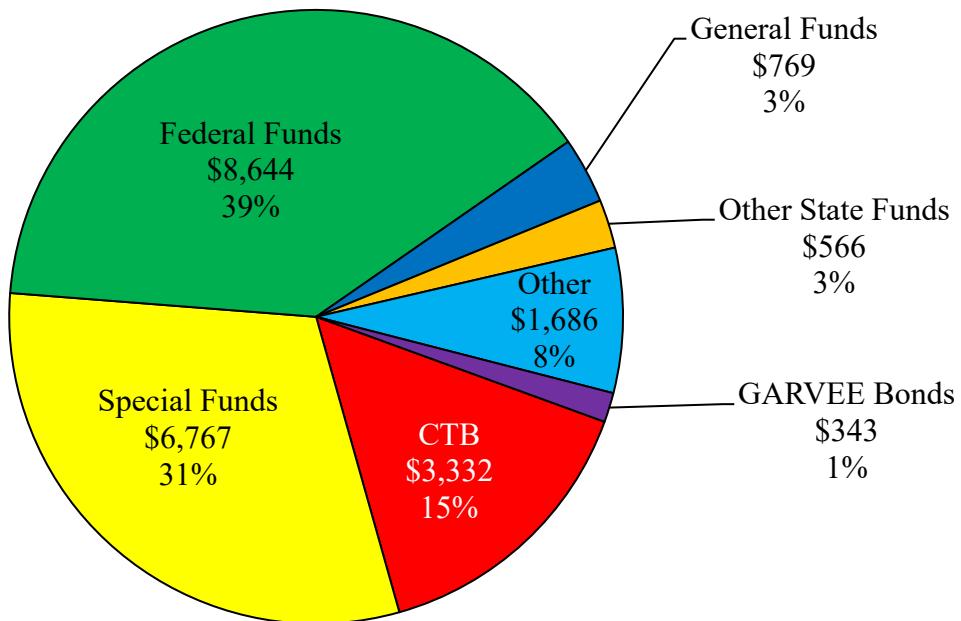
Over the six-year forecast period, Consolidated Transportation Bond (CTB) proceeds and premiums are projected to comprise just over 29% of TTF special funds available for capital. Debt outstanding at the end of fiscal 2025 totaled just under \$2.9 billion. At the end of fiscal 2031, debt outstanding is projected to total just under \$4.0 billion. Bond covenants require MDOT to maintain a net income to maximum future debt service ratio of at least 2.0, and the department has an administrative practice of maintaining the ratio at no less than 2.5. As shown in Exhibit 3, the net income debt service coverage ratio is highest in fiscal 2027 at 3.6 and remains at or above 2.5 during all six years of the forecast period.

Six-year Capital Program

Programmed spending in the 2026 CTP, which covers fiscal 2026 to 2031, totals \$22.1 billion. **Exhibit 4** shows six-year funding of the capital program by source. Federal and

special funds comprise approximately 70% of six-year funding. State-sourced funds make up approximately 52% of total six-year funding.

Exhibit 4
Six-year Programmed Capital Funding by Source
Fiscal 2026-2031
(\$ in Millions)



CTB: Consolidated Transportation Bonds

GARVEE: Grant Anticipation Revenue Vehicle

Source: Maryland Department of Transportation, Fiscal 2026-2031 *Consolidated Transportation Program*; Department of Legislative Services

Programmed spending for the five years that overlap the 2025 CTP (fiscal 2026 to 2030) totals \$18.9 billion, an increase of \$1.4 billion compared to the 2025 CTP, as shown in **Exhibit 5**. By mode, the largest increase in programmed spending occurs in SHA, an increase of \$943 million compared to the previous year's plan. MDOT projects that federal fund support will grow by slightly over \$1 billion compared to the previous year's plan.

Exhibit 5
Capital Transportation Program Comparison
January 2025 versus January 2026
Fiscal 2026-2030
(\\$ in Millions)

	January 2025	January 2026	Change
Secretary's Office	\$98	\$252	\$154
Motor Vehicle Administration	75	90	15
Maryland Aviation Administration	688	902	214
Maryland Port Administration	1,391	1,502	111
Maryland Transit Administration	4,926	4,965	39
Washington Metropolitan Area Transit Authority	2,719	2,689	-30
State Highway Administration	5,670	6,613	943
State Aid	1,967	1,927	-40
Fiscal 2026-2030 Total	\$17,534	\$18,940	\$1,406
Funds			
Special Funds	\$8,305	\$8,530	\$225
Federal Funds	6,476	\$7,496	1,020
General Fund Transfer	701	602	-99
Other Funds	1,405	1,493	88
Other State Funds	399	566	167
GARVEE Bonds	249	255	6
Fiscal 2026-2030 Total Funds	\$17,534	\$18,940	\$1,406

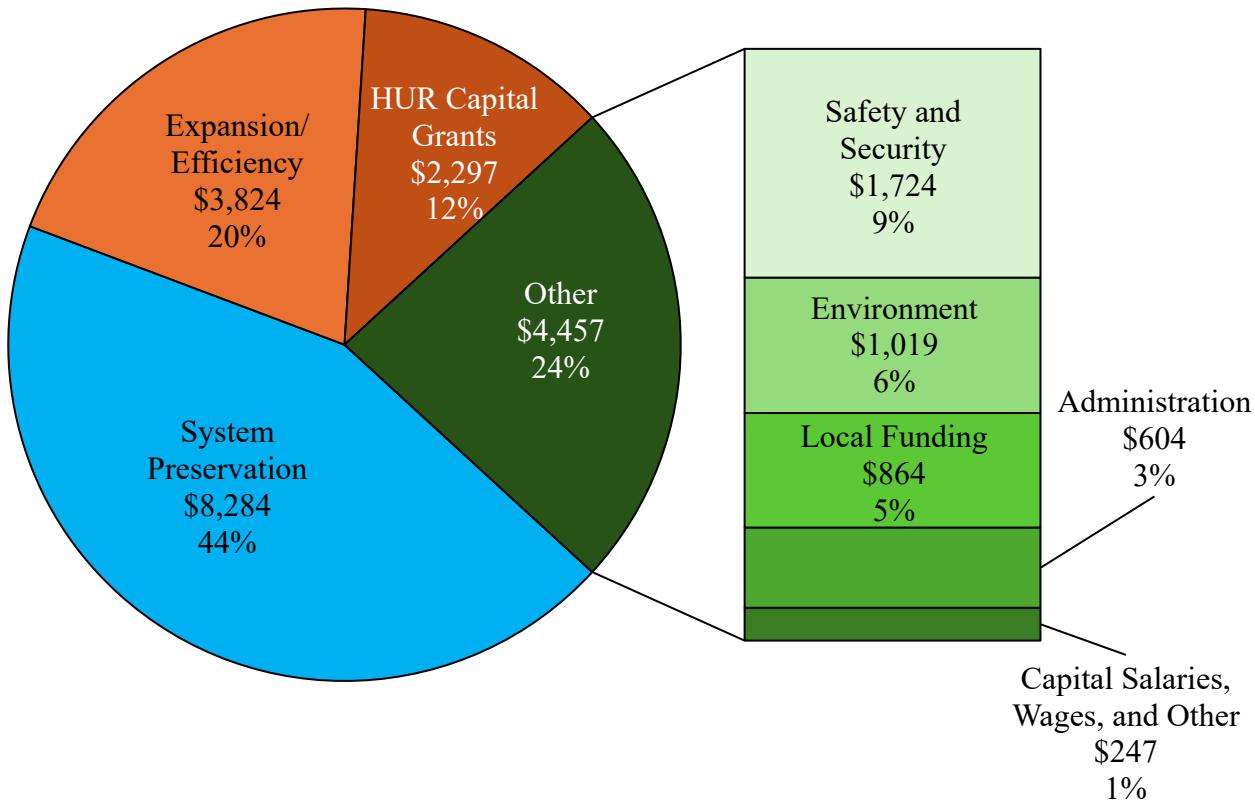
GARVEE: Grant Anticipation Revenue Vehicle

Note: Numbers may not sum to totals due to rounding. Other funds include federal funds received directly by the Washington Metropolitan Area Transit Authority.

Source: Maryland Department of Transportation, Fiscal 2026-2031 *Consolidated Transportation Program*; Department of Legislative Services

Exhibit 6 shows six-year spending by investment category, excluding the capital grants for WMATA. System preservation spending accounts for 44% (\$8.3 billion) of total programmed spending.

Exhibit 6
Six-year Programmed Capital Spending by Investment Category
Fiscal 2026-2031
(*\$* in Millions)



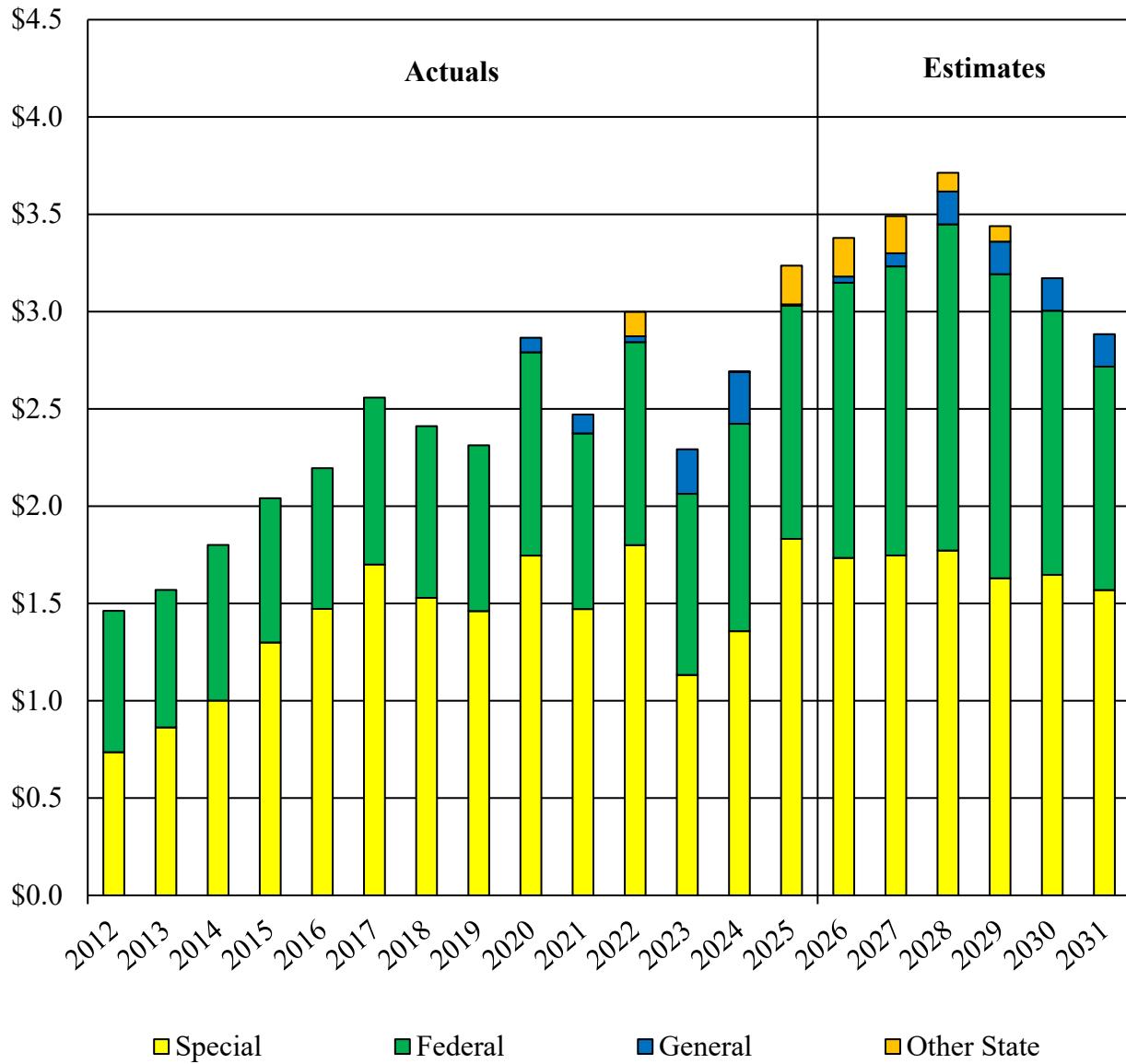
HUR: Highway User Revenue

Note: Excludes capital grants totaling \$3.2 billion to the Washington Metropolitan Area Transit Authority, categorized as Local Funding in order to avoid skewing other category percentages under which this funding would fall were it not a grant to a non-Maryland Department of Transportation system.

Source: Maryland Department of Transportation, Fiscal 2026-2031 *Consolidated Transportation Program*; Department of Legislative Services

Exhibit 7 shows the actual capital spending, excluding other funds that do not flow through the budget from fiscal 2012 to 2025 and planned capital spending through fiscal 2031. Combined State and federal capital spending exceeded \$3 billion for the first time in fiscal 2025 and is projected to peak during the forecast period in fiscal 2028 at \$3.7 billion. Following that year, capital spending is projected to decline through fiscal 2031 based on the expected availability of special, federal, and other funds.

Exhibit 7
Capital Spending Trends
Fiscal 2012-2031
(\$ in Billions)

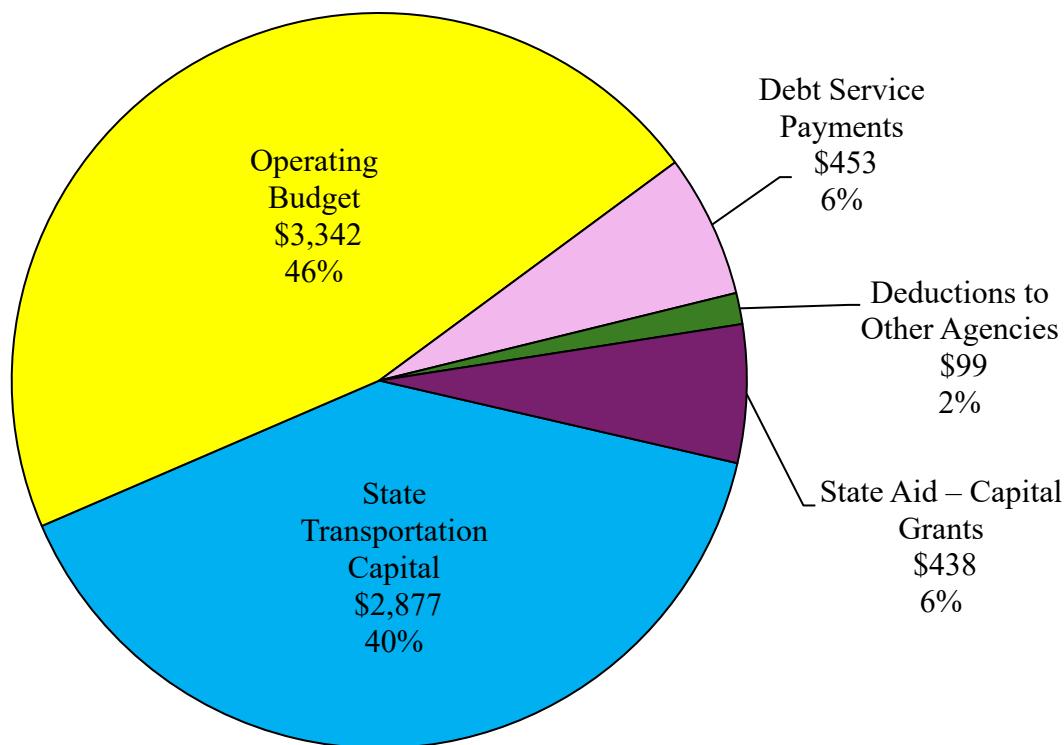


Source: Maryland Department of Transportation, Fiscal 2026-2031 *Consolidated Transportation Program*; Department of Legislative Services

Budget Overview

Exhibit 8 shows all expenditures from the TTF by category for fiscal 2027, with expenditures totaling just over \$7.2 billion. The State capital program (excluding State aid capital grants) accounts for 40% of TTF spending with departmental operations comprising an additional 46%. The remainder of TTF expenditures cover debt service payments, State aid capital grants, and deductions to other State agencies.

Exhibit 8
Fiscal 2027 Transportation Trust Fund Uses
(\$ in Millions)



Note: This chart includes special funds from the Transportation Trust Fund (TTF) and federal funds. It excludes \$524 million in other funds for the capital program that do not flow through the TTF and includes operating contingencies. Other funds can include airport revenue bonds, loans from the Maryland Transportation Authority, passenger facility charges, customer facility charges, local county participation, general obligation bond proceeds, and federal funding received directly by the Washington Metropolitan Area Transit Authority.

Source: Maryland Department of Transportation, Fiscal 2026-2031 *Transportation Trust Fund Financial Forecast*, January 2026; Department of Legislative Services

Proposed Budget

Exhibit 9 shows the operating and capital budgets along with the amounts budgeted for debt service and State aid capital grants. The exhibit includes the fiscal 2025 actual through the fiscal 2027 allowance.

Exhibit 9
Transportation Budget Overview
Fiscal 2025-2027
(\$ in Thousands)

	Actual 2025	Working Approp. 2026	Allowance 2027	\$ Change 2026-2027	% Change 2026-2027
Operating					
Secretary's Office	\$119,511	\$135,639	\$167,273	\$31,634	23.3%
WMATA	641,782	679,488	699,873	20,385	3.0%
State Highway					
Administration	401,022	395,176	432,072	36,896	9.3%
Port Administration	57,138	60,347	58,522	-1,826	-3.0%
Motor Vehicle					
Administration	260,760	264,694	268,108	3,414	1.3%
Maryland Transit					
Administration	1,303,219	1,314,835	1,386,202	71,366	5.4%
Maryland Aviation					
Administration	250,437	259,088	269,992	10,904	4.2%
Subtotal	\$3,033,869	\$3,109,268	\$3,282,042	\$172,774	5.6%
Debt Service	\$429,706	\$419,251	\$452,991	\$33,741	8.0%
Local Highway User Grants					
	\$387,521	\$437,422	\$437,634	\$211	0.0%
Capital					
Secretary's Office	\$37,208	\$70,868	\$87,436	\$16,568	23.4%
WMATA	351,275	184,757	189,374	4,617	2.5%
State Highway					
Administration	1,076,119	1,122,399	1,143,606	21,207	1.9%
Port Administration	261,677	426,212	339,049	-87,162	-20.5%
Motor Vehicle					
Administration	17,949	26,832	20,105	-6,727	-25.1%
Maryland Transit					
Administration	755,984	795,950	921,586	125,636	15.8%

	Actual 2025	Working Approp. 2026	Allowance 2027	\$ Change 2026-2027	% Change 2026-2027
Maryland Aviation Administration	153,731	130,640	175,843	45,203	34.6%
<i>Subtotal</i>	\$2,653,943	\$2,757,659	\$2,877,000	\$119,341	4.3%
Total of All Funds					
General Fund	\$50,998	\$7,100	\$0	-\$7,100	-100.0%
Special Fund	5,125,568	5,161,469	5,421,611	260,142	5.0%
Federal Fund	1,328,473	1,555,031	1,628,056	73,025	4.7%
Grand Total	\$6,505,039	\$6,723,600	\$7,049,667	\$326,067	4.8%

WMATA: Washington Metropolitan Area Transit Authority

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2027 Budget Books; Department of Legislative Services

MDOT's fiscal 2027 allowance totals \$7.05 billion, an increase of \$326.1 million (4.8%) compared to the fiscal 2026 working appropriation. The largest areas of increase are operating expenses (\$172.8 million) and capital expenses (\$119.3 million). Debt service costs increase by \$33.7 million and local transportation aid increases by \$0.2 million.

Fiscal 2026 Proposed Deficiency Appropriations

The fiscal 2027 budget contains a series of proposed fiscal 2026 deficiency appropriations across MDOT totaling \$26.7 million in special funds from the TTF. These proposed deficiency appropriations include:

- \$12.2 million in MTA for the purpose of supporting increased demand for paratransit services and to restore commuter bus service levels to reflect increased demand and reliability;
- \$10.0 million in SHA for the purpose of supporting the operating expenses of the Work Zone Safety Program due to a change in accounting for program expenses, so that gross revenues from the program are accounted for rather than just the operating expenses of SHA to administer the program;
- \$6.5 million in MAA for the purpose of supporting additional funding for snow removal;

- \$5.3 million in the Secretary’s Office for the purpose of supporting increased operating expenses for software licenses, building maintenance and security, and employee onboarding and development;
- \$2.6 million in SHA for the purpose of supporting increased electricity costs for roadway lighting;
- \$2.4 million in MVA for the purpose of supporting increased operating expenses for credit card processing fees, postage, law enforcement, and materials required for license plates, drivers licenses, and identification cards;
- \$681,198 in MPA for the purpose of supporting increased funding for software licenses;
- a reduction of \$4.7 million in MTA to reflect a delay in debt service payments for certificates of participation for the fare collection project. MDOT plans to use nontraditional debt to fund this project but has delayed the pending issuance of a certificate of participation that was previously planned for fiscal 2027 to a future fiscal year; and
- a reduction of \$8.2 million for budgeted debt service payments due to lower actual debt service requirements for fiscal 2026 as a result of refunding of \$500 million in previously issued debt as part of MDOT’s most recent bond sale held in October 2025, and lower than anticipated initial interest payments on new debt issued in fiscal 2025 and 2026.

Operating Budget Summary

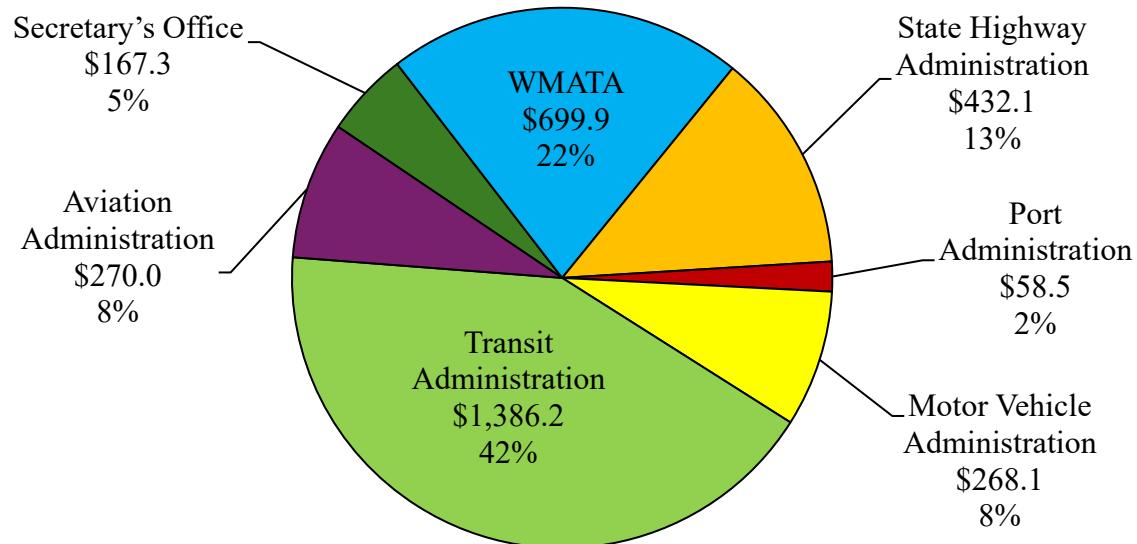
MDOT's fiscal 2027 operating budget allowance (including debt service) is approximately \$3.7 billion, an increase of \$206.5 million (5.9%) over the fiscal 2026 working appropriation. Approximately 88% of the operating allowance is used for the operating expenses of each of the modes, with debt service accounting for the remaining 12%.

Fiscal 2027 Proposed Budget

Operating Programs

The fiscal 2027 allowance for the modal operating budgets totals nearly \$3.3 billion, an increase of \$172.8 million (5.6%) over the fiscal 2026 working appropriation. **Exhibit 10** shows the fiscal 2027 operating budget allowance by mode. Transit spending, which includes the combined operating budget allowances for MTA and WMATA, represents the largest share of the MDOT operating budget at just under 65% of spending for all modes.

Exhibit 10
Fiscal 2027 Operating Budget Allowance by Mode
(\$ in Millions)



WMATA: Washington Metropolitan Area Transit Authority

Note: The Transportation Trust Fund financial plan includes \$60 million in modal contingencies that are not included in the allowance. This funding, if needed, is added during the fiscal year by budget amendment.

Source: Governor's Fiscal 2027 Budget Books; Department of Legislative Services

Personnel

As shown in **Exhibit 11**, the number of regular positions in the fiscal 2027 allowance increases by a net total of 147 to 9,438.5, while the number of contractual full-time equivalents decreases by 1.0 to 88.0. There are 134 new MTA police positions to allow for recruitment and training of additional law enforcement personnel to provide law enforcement services on the Purple Line, which is projected to open to the public during fiscal 2028. An additional 5 new positions are added in MTA for the MTA Apprenticeship Program. The remaining 8 new positions are administrative positions that MDOT has indicated it will use to increase the ability of SHA to maximize receipt of federal funding. Other position changes reflect internal transfers from the modal administrations to the Secretary’s Office as part of an agencywide consolidation of information technology positions.

Exhibit 11
Regular and Contractual Full-time Equivalents
Operating and Capital Programs
Fiscal 2025-2027

	Working				
	Actual 2025	Approp. 2026	Allowance 2027	Change 2026-2027	% Change 2026-2027
Regular Positions					
Secretary’s Office	505.5	331.5	515.5	184.0	55.5%
State Highway Administration	2,918.5	2,965.5	2,916.5	-49.0	-1.7%
Port Administration	204.0	215.0	204.0	-11.0	-5.1%
Motor Vehicle Administration	1,639.5	1,697.5	1,630.5	-67.0	-3.9%
Transit Administration	3,452.5	3,573.5	3,677.5	104.0	2.9%
Aviation Administration	493.5	508.5	494.5	-14.0	-2.8%
Total Regular Positions	9,213.5	9,291.5	9,438.5	147.0	1.6%
Contractual Positions					
Secretary’s Office	17.0	16.0	17.0	1.0	6.3%
State Highway Administration	39.5	43.0	41.0	-2.0	-4.7%
Port Administration	6.0	5.0	5.0	0.0	0.0%
Motor Vehicle Administration	7.0	7.0	7.0	0.0	0.0%
Transit Administration	0.0	16.0	16.0	0.0	0.0%
Aviation Administration	2.0	2.0	2.0	0.0	0.0%
Total Contractual Positions	71.5	89.0	88.0	-1.0	-1.1%

Source: Governor’s Fiscal 2027 Budget Books; Maryland Department of Transportation

Fiscal 2026 Position Transfers

The fiscal 2026 Budget Bill authorized the transfer of 44 information technology related positions from the Maryland Transportation Authority (MDTA) to the MDOT Secretary's Office as part of the fiscal 2026 legislative appropriation. Subsequently, 37 positions and associated funding were transferred out of MDOT during fiscal 2026, including positions that were transferred from the MDOT Office of Minority Business Enterprises within the Secretary's Office to the newly established Department of Social and Economic Mobility, which was created by Chapter 605 of 2025.

Voluntary Separation Program Position Abolitions

In October 2025, BPW approved the abolition of 502.7 positions statewide, including 170.7 vacant positions and 332.0 positions associated with the Voluntary Separation Program (VSP). Within MDOT, a total of 32 positions were abolished, of which 6 were vacant and 26 were due to the VSP. An additional 12 positions funded through nonbudgeted funds in MDTA were also abolished at this time due to the VSP.

Debt Service

The fiscal 2027 allowance for debt service payments is \$453.0 million, an increase of \$33.7 million (8.0%) compared to the fiscal 2026 working appropriation. The fiscal 2027 allowance reflects debt service on currently outstanding debt (including the most recent new debt issuances of \$200 million in fiscal 2025 and \$345 million in fiscal 2026) and the planned issuance of \$785 million in fiscal 2027. At the end of fiscal 2026, debt outstanding on the department's CTBs will total just over \$2.9 billion, which is within the statutory cap of \$5.0 billion. The MDOT forecast indicates that debt service coverage ratios will remain at or above its administrative minimum target level, which is higher than the minimum allowed in its bond covenants, throughout all six years of the financial forecast.

State Aid – Mandated Capital Grants

Prior to fiscal 2020, local governments shared in a portion of the tax and fee revenues that are deposited into the GMVRA, commonly referred to as Highway User Revenue (HUR). The local share has varied over time, but from fiscal 2009 to 2019, the local share of HUR was 9.6% of the GMVRA, with MDOT retaining 90.4% of revenues to support its operating and capital budgets. Chapters 330 and 331 of 2018 converted this local aid from a share of the GMVRA revenues to mandated capital grants based on a percentage of the total GMVRA and also increased the amount that local governments would receive to an amount equivalent to 13.5% of the GMVRA for fiscal 2020 to 2024. This change increased MDOT's bonding capacity, since it now retains all GMVRA revenue. Chapter 240 of 2022 establishes 15.6% of the GMVRA as the new base for local governments beginning in fiscal 2024 and provides a temporary increase to 18% in fiscal 2025 and 20% to fiscal 2026 and 2027 before returning to 15.6% in fiscal 2028 and future fiscal years.

Exhibit 12 shows the mandated capital grant amounts for fiscal 2025 through 2027. The fiscal 2027 mandated capital grant funding of \$437.6 million is \$0.2 million, or less than 1%, higher than the fiscal 2026 working appropriation.

Exhibit 12
State Aid – Highway User Revenue Capital Grants
Fiscal 2025-2027
(\$ in Millions)

	Actual 2025	Working 2026	Allowance 2027	Change 2026-2027
Baltimore City	\$236.8	\$266.8	\$267.0	\$0.1
Counties	92.6	105.0	105.0	0.1
Municipalities	58.1	65.6	65.6	0.0
Total	\$387.5	\$437.4	\$437.6	\$0.2

Note: Numbers may not sum to totals due to rounding.

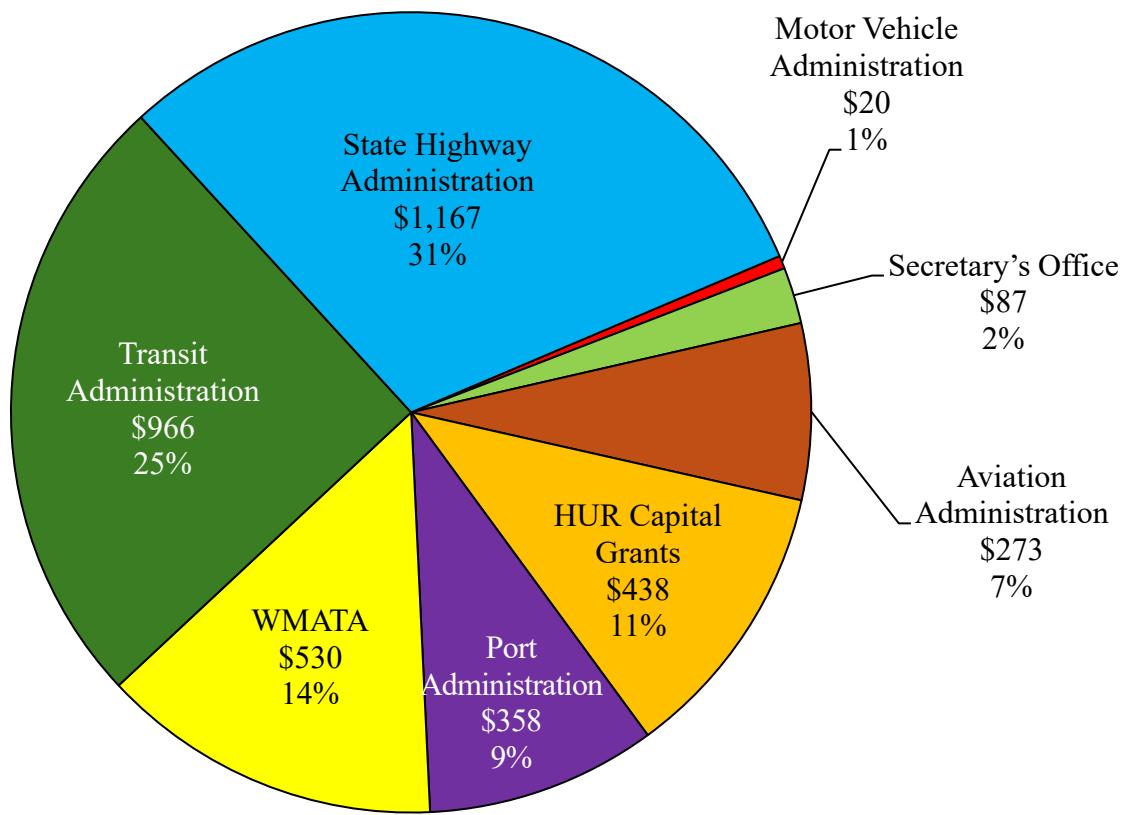
Source: Governor's Fiscal 2027 Budget Books

PAYGO Capital Budget Summary

Fiscal 2027 Capital Budget

Exhibit 13 shows MDOT's fiscal 2027 capital budget by mode. Including other funds that do not flow through the MDOT budget, fiscal 2027 capital spending is projected at \$3.8 billion, a decrease of \$18.5 million (0.5%) compared to capital spending programmed for the current fiscal year. This decrease is primarily due to decreases in other funds that do not flow through the TTF, which offset increased special, federal and general funds.

Exhibit 13
Fiscal 2027 Capital Funding by Mode
(**\$ in Millions**)



HUR: Highway User Revenue

WMATA: Washington Metropolitan Area Transit Authority

Source: Maryland Department of Transportation, 2026-2031 Consolidated Transportation Program; Department of Legislative Services

Contingent Appropriation in the SHA Capital Program

The fiscal 2027 Budget Bill contains language making \$10 million of the special fund appropriation for the SHA capital program contingent upon the enactment of legislation expanding the authorized uses of the SEIF. A provision in the BRFA of 2026 as introduced authorizes the use of SEIF funds for specified purposes, including the transfer of \$10 million to MDOT to establish a process, including a model leasing framework, and create safety guidelines for right-of-way transmission infrastructure for colocating high voltage transmission lines along existing State and interstate highways.

First-year Construction and Design Funding

Chapters 27 and 563 of 2022 require the CTP, beginning with the January 2023 CTP, to include tables listing projects receiving first-year funding for design or construction either in the budget year or the current year (if the funding was not shown in the budget year in the prior year CTP). **Exhibit 14** shows the total first-year funding by mode.

Exhibit 14
First-year Funding for Design and Construction by Mode
Fiscal 2026-2027
(\$ in Thousands)

	Total Programmed	State Funds	Federal Funds	Other Funds	State Only Total	State Only Current Year	State Only Budget Year
Maryland Aviation Administration							
Construction	\$42,569	\$11,417	\$4,244	\$26,909	\$5,538	\$2,666	\$2,242
Design	11,940	1,913	3,861	6,165	1,884	1,832	53
Subtotal	\$54,509	\$13,330	\$8,105	\$33,074	\$7,422	\$4,498	\$2,295
Maryland Port Administration							
Construction	\$35,687	\$23,292	\$9,496	\$2,899	\$21,463	\$3,858	\$17,605
Design	21,141	3,385	15,091	2,666	3,070	1,669	1,401
Subtotal	\$56,828	\$26,677	\$24,587	\$5,564	\$24,533	\$5,527	\$19,006
Maryland Transit Administration							
Construction	\$72,918	\$45,226	\$27,592	\$100	\$37,581	\$933	\$36,648
Design	86,239	7,135	78,808	296	1,758	1,274	484
Subtotal	\$159,157	\$52,361	\$106,400	\$396	\$39,339	\$2,207	\$37,132
State Highway Administration							
Construction	\$1,500	\$1,387	\$113	\$0	\$0	\$0	\$0
Design	2,657	1,465	600	592	1,000	500	500
Subtotal	\$4,157	\$2,852	\$713	\$592	\$1,000	\$500	\$500
The Secretary's Office							
Construction	\$994	\$994	\$0	\$0	\$993	\$902	\$91
Design	2,227	2,227	0	0	2,227	1,284	943
Subtotal	\$3,220	\$3,220	\$0	\$0	\$3,220	\$2,186	\$1,034
Total	\$277,871	\$98,440	\$139,805	\$39,626	\$75,514	\$14,918	\$59,967

Source: Maryland Department of Transportation, *Fiscal 2026-2031 Consolidated Transportation Program*; Department of Legislative Services

This information may be helpful in identifying opportunities to defer lower priority capital projects before they begin in order to generate capacity to add funding for legislative spending priorities. However, caution should be exercised when considering delaying specific projects. Many MDOT capital projects are funded from a mix of State, federal, and nongovernmental sources. While the State funds made available by deferring a project can easily be used for another transportation purpose, federal and other funds are generally restricted by specific project, and there could be a significant challenge to repurposing those funds.

The specific project listings used to create the summary in Exhibit 14 will be included in the individual administration budget analyses.

Other Funds

The CTP lists “Other Funds” as a fund source for some projects. Generally, the “other funds” designation denotes funding that does not flow through the State budget. Traditional examples of other funds are passenger and customer facility charges at the Baltimore/Washington International Thurgood Marshall Airport, MDTA loans, county participation, private funds, and federal funds received directly by WMATA. The CTP includes some nontransportation State-sourced funds in the other funds category, notably the GO bonds used for the dedicated capital grant to WMATA. **Exhibit 15** lists the projects in the CTP receiving other funds totaling \$539.3 million in fiscal 2027.

Exhibit 15
Other Funds
Fiscal 2027
(\$ in Thousands)

<u>Project</u>	<u>Funding Source</u>	<u>Amount</u>
Maryland Aviation Administration		
Concourse E Outbound Baggage Handling System Expansion at BWI Marshall Airport	Passenger Facility Charge	\$23,173
Terminal Vestibule Door Replacement	Passenger Facility Charge	20,993
Consolidated Rental Car Facility Reallocation	Customer Facility Charge	9,700
Concourse E Ticket Counter Expansion	Passenger Facility Charge	7,550
Concourse B Roof Replacement	Passenger Facility Charge	7,079
Airport Elevator Escalator, and Moving Walkway Rehabilitation	Passenger Facility Charge	5,000
Snow Equipment Replacement at BWI Marshall and Martin State Airports	Passenger Facility Charge	4,135
Concourse D/E New Interim Bag Claim at FIS Expansion Area	Passenger Facility Charge	4,131

<u>Project</u>	<u>Funding Source</u>	<u>Amount</u>
Consolidated Rental Car Facility Fire Alarm and Fire Suppression System	Customer Facility Charge	2,493
Checkpoint D/E Expansion	Passenger Facility Charge	2,044
Airport Traffic Control Tower, Concourse C/D Baggage Handling System and Connector Project at BWI Marshall Airport	Passenger Facility Charge	2,000
CUTE Equipment Upgrade	Passenger Facility Charge	2,000
Integrated Airport Security System Replacement – Phase 1	Passenger Facility Charge	1,922
Concourse A/B Ticket Counter Expansion	Passenger Facility Charge	1,653
Electrical Substation Reconstruction at BWI Marshall Airport	Passenger Facility Charge	1,404
Concourse A/B Connector and Baggage Handling System Replacement at BWI Marshall Airport	Revenue Bonds	1,096
Residential Sound Insulation Program	Passenger Facility Charge	661
Consolidated Rental Car Facility Shuttle Bus Refurbishment	Customer Facility Charge	300
<i>Subtotal</i>		\$97,334
Maryland Port Administration		
Reduced Emission Locomotives for CSX Curtis Bay Yard	CSX	\$8,686
Clean Ports Program: Zero Emission Development	Various	7,805
Intermodal Container Transfer Facility Rail Modernization Project	Ports America Chesapeake	1,870
Howard Street Tunnel Project	CSX	50
<i>Subtotal</i>		\$18,411
Maryland Transit Administration		
Light Rail Modernization Program	GARVEE	\$21,000
Fare Systems Next Generation Planning and Implementation	Certificates of Participation	19,095
East West Priority Connector	City of Baltimore	3,200
MARC Martin State Airport Improvements	Amtrak	351
MARC Martins Yard Power Switch	Amtrak	232
Freight – Warner Street Highway Rail Grade Crossing	City of Baltimore	118
Metro Mondawmin Transit Hub	City of Baltimore	32
<i>Subtotal</i>		\$44,028

<u>Project</u>	<u>Funding Source</u>	<u>Amount</u>
Washington Metropolitan Area Transit Authority		
WMATA Capital Improvement Program	Direct Federal Funds	\$173,366
Governor's Dedicated Capital Funding	GO Bonds	167,000
<i>Subtotal</i>		\$340,366
The Secretary's Office		
Rosedale Grade Crossing Improvements	City of Baltimore/CSX	\$700
<i>Subtotal</i>		\$700
State Highway Administration		
I-95/I-495 Capital Beltway (Greenbelt Metro)	GO Bonds	\$23,500
Reimbursable Projects	Various Localities	11,020
MD 214 – from MD 468 to Camp Letts Road	Anne Arundel County	1,582
MD 3 – from Waugh Chapel Road to MD 32	Anne Arundel County	992
MD 2 – from US 50 to Arnold Road	Anne Arundel County	605
I-97 – from US 50 to MD 32	Anne Arundel County	400
MD 210 – from MD 228 to I-95/I-495	Prince George's County	317
MD 170 – from Norcross Lane to Wieker Road	Anne Arundel County	84
<i>Subtotal</i>		\$38,500
Total – Other Funds		\$539,339

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

GARVEE: Grant Anticipation Revenue Vehicle

GO: general obligation

WMATA: Washington Metropolitan Area Transit Authority

Source: Maryland Department of Transportation; Department of Legislative Services

Issues

1. New Transportation Trust Fund Revenues Enacted in 2024 and 2025

Legislation enacted in the 2024 and 2025 sessions increased revenues directed to the TTF through a combination of the creation of new revenue sources and increases to existing revenue sources. Over the six-year forecast period of fiscal 2026 through 2031, these new revenues are projected to average just over \$800 million annually. Actual fiscal 2025 revenue from the initial set of revenue increases enacted during the 2024 session totaled approximately \$200 million. **Exhibit 16** shows the estimated new revenues by fiscal year and year of enactment.

Exhibit 16
New Transportation Trust Fund Revenues
Fiscal 2025-2031
(\$ in Millions)

	2025	2026	2027	2028	2029	2030	2031	Total 2026-2031
Enacted 2024 Session								
Vehicle Registration Fee Increases ¹	\$142	\$254	\$255	\$252	\$255	\$257	\$260	\$1,533
Transportation Network Company Fee	41	42	44	46	50	53	57	292
Electric Vehicle Surcharge	8	19	24	31	41	55	72	242
SHA Highway Work Zone Safety	14	25	24	24	24	23	23	143
Sales Tax – Electricity	1	1	1	1	1	1	1	7
<i>Subtotal – Enacted 2024 Session</i>	\$206	\$341	\$348	\$354	\$371	\$389	\$413	\$2,216
Enacted 2025 Session								
Capital Gains Surcharge	\$142	\$109	\$111	\$113	\$114	\$114	\$115	\$704
Certificate of Title Fee Increase	100	101	101	102	102	102	103	609
Vehicle Excise Tax Increase to 6.5%	88	96	100	103	107	112	112	606
VEIP Fee Increase (Including Late Fee)	31	31	32	32	33	33	33	192
Increase Cap on MVA Cost Recovery	25	36	36	36	36	36	36	205
Historic Tags Eligibility Alterations	4	4	4	4	4	4	4	24
New Tire Fee of \$5	12	24	24	24	24	24	24	132
Rental Vehicle Excise Tax of 3.5%	28	29	29	29	29	30	30	174
Rental Vehicle Registration Fee Alteration	5	5	5	5	5	5	5	30
<i>Subtotal – Enacted 2025 Session</i>	\$435	\$435	\$442	\$448	\$454	\$462	\$4,892	
Total Enacted	\$206	\$776	\$783	\$796	\$819	\$843	\$875	

MVA: Motor Vehicle Administration

SHA: Maryland State Highway Administration

VEIP: Vehicle Emissions Inspection Program

¹Fiscal 2026 Estimate includes revenues attributable to the accelerated phase in of the registration fee increase enacted during the 2025 session.

Source: Maryland Department of Transportation; Department of Legislative Services

2024 Session TTF Revenue Increases

The initial set of TTF revenue increases were enacted during the 2024 session as part of Chapter 717 (BRFA of 2024) and Chapter 17 (Maryland Road Worker Protection Act of 2024) and were effective at the beginning of fiscal 2025. These revenue increases include:

- **Vehicle Registration Fee Increases:** Increased annual vehicle registration fees for most classes of vehicles over a phased-in schedule of three years beginning in fiscal 2025 and authorized the use of installment payments for registration fees throughout the registration period. A provision of Chapter 604 of 2025 (BRFA of 2025) accelerated the last incremental annual fee increase from fiscal 2027 to 2026 for certain classes of vehicles. Vehicle registration fee increases were the largest single TTF revenue increase enacted during the 2024 and 2025 sessions and are projected to raise an average of \$250 million annually, or \$1.5 billion, between fiscal 2026 and 2031;
- **Transportation Network Company (TNC) Fee:** Established effective July 1, 2024, a TNC impact fee on passenger trips that originate in the State of 75 cents per passenger trip (50 cents per shared passenger trip or electric vehicle (EV) passenger trip), which is indexed for inflation beginning in fiscal 2029;
- **EV Surcharge:** Established effective July 1, 2024, a \$125 annual surcharge on EVs and a \$100 annual surcharge on plug-in electric vehicles, (PHEV), which is indexed to inflation beginning in fiscal 2026;
- **Sales and Use Tax on Electricity for EV Charging:** Required the Comptroller of Maryland to distribute to the TTF sales and use tax collected that is attributable to the sale of electricity used to charge an EV at a nonresidential charging station; and
- **SHA Highway Work Zone Safety:** Chapter 17 increased civil penalties for violations captured by work zone speed cameras and altered the distribution of the revenues collected from these penalties so that the majority is distributed to the TTF.

2025 Session TTF Revenue Increases

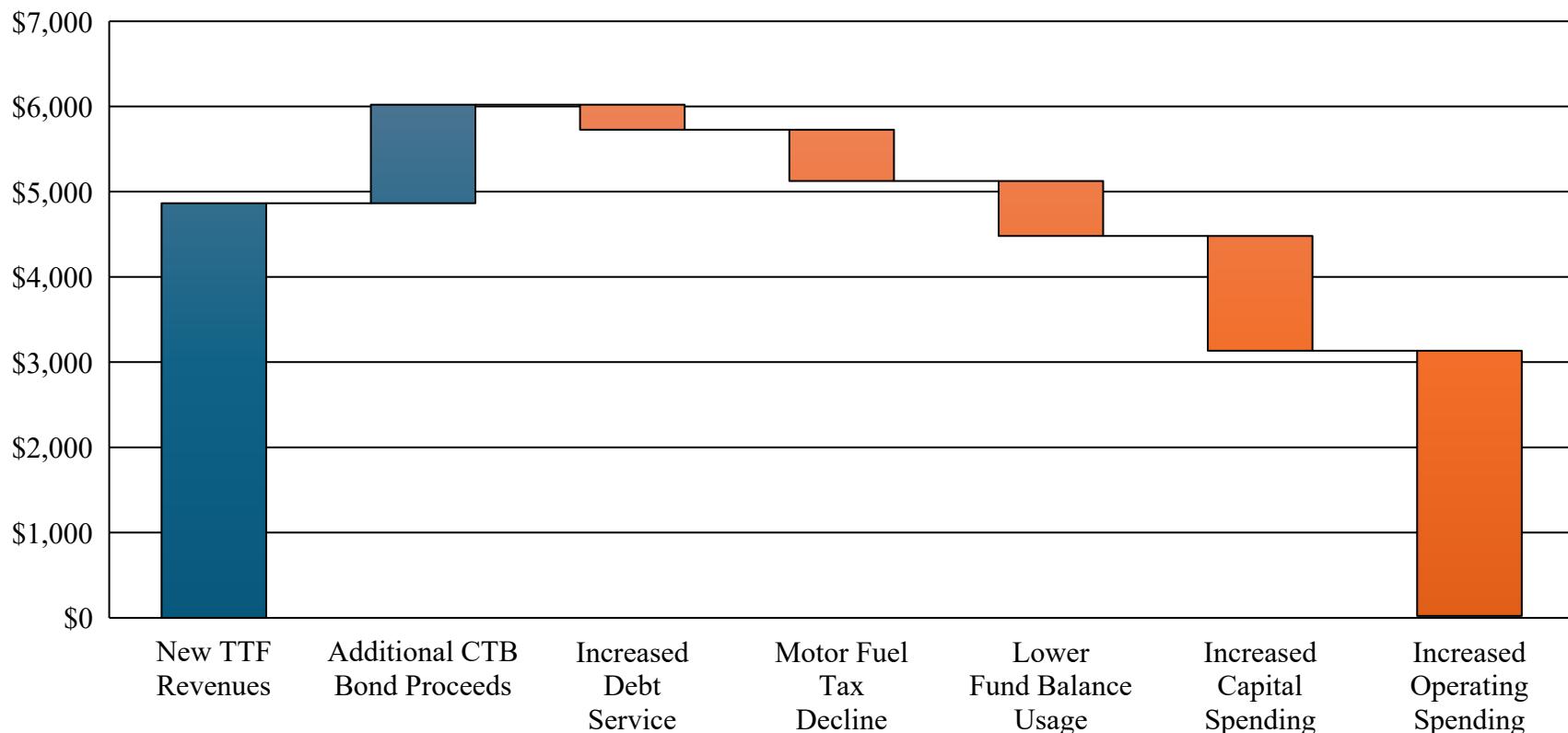
Subsequent TTF revenue increases were enacted during the 2025 session through Chapter 604. These revenue increases included:

- **Capital Gains Surcharge:** Distributes 37.5% of the proceeds from the newly imposed 2% surtax on certain net capital gain income for individuals with federal adjusted gross income in excess of \$350,000 to the TTF;
- **Certificate of Title Fee Increase:** Doubled the fee for each certificate of title issued by MVA;

- **Vehicle Excise Tax Increase:** Increased the vehicle excise tax rate from 6.0% to 6.5% of the fair market value of the vehicle and established an excise tax for rental vehicles of 3.5% of the fair market value of the vehicle;
- **Acceleration of Registration Fee Increase Phase-in:** Accelerated from fiscal 2027 to fiscal 2026 the last incremental annual vehicle registration fee increase previously established by Chapter 717;
- **Vehicle Emissions Inspection Program (VEIP) Fee Increase:** Authorized MVA to increase the VEIP testing fee to a maximum of \$30 (rather than \$14) beginning July 1, 2025, and requires the fee to be adjusted annually for inflation;
- **Increase Cap on MVA Cost Recovery:** Authorizes MVA to increase the level of miscellaneous fees related to vehicle titling, vehicle certificates, and vehicle registration to up to 105% of its cost recovery needs but requires the fees be set to at least 100% (rather than 95%) of that amount;
- **Historic Motor Vehicle Tag Eligibility Alterations:** Altered the definition of “historic motor vehicle” to a vehicle that is model year 1999 or earlier, rather than a vehicle that is at least 20 years old. Accordingly, vehicles from model year 2000 or later that are registered as historic vehicles must instead be registered by their corresponding class and weight and pay a higher annual registration fee;
- **New Tire Fee:** Established beginning January 1, 2026, a new tire fee of \$5 that must be imposed on the first sale of each new tire in the State by a tire dealer, including new tires sold as part of a new or used vehicle, trailer, farm implement, or similar machinery; and
- **Rental Vehicle Registration Fee Alteration:** Set the annual vehicle registration fee for rental vehicles at the same level as nonrental vehicles, by class and weight of the vehicle, resulting in an increase to those annual registration fees.

Exhibit 17 shows a comparison of major changes in revenues and expenditures between the January 2026 TTF financial forecast and the January 2024 financial forecast, which was issued prior to the enactment of any revenue increases. In addition to the \$4.9 billion in new TTF revenues resulting from revenue increases, the January 2026 forecast also reflects approximately \$1.2 billion in additional CTB revenues due to MDOT’s increased debt capacity as a result of these revenue increases. Major declines in revenue that are offset by these increases include a projected \$600 million decline in motor fuel taxes and a \$645 million revenue decline attributable to the use of additional funds to increase the TTF fund balance to a higher level in fiscal 2026 and future years. Compared to the January 2024 forecast, the January 2026 forecast reflects that the largest area of increased expenditures will be for MDOT operating expenses, which increase by \$3.1 billion, while State-sourced fund expenditures for the capital program increase by \$1.3 billion, and debt service expenditures increase by just under \$300 million.

Exhibit 17
Major Changes to TTF Revenues and Expenditures
MDOT TTF Financial Forecasts
January 2024 versus January 2026
(\\$ in Millions)



CTB: Consolidated Transportation Bond

MDOT: Maryland Department of Transportation

TTF: Transportation Trust Fund

Source: Maryland Department of Transportation, Fiscal 2024-2029 and Fiscal 2026-2031 *Transportation Trust Fund Financial Forecast*; Department of Legislative Services

2. Office of Legislative Audits Audit Findings Related to Federal Fund Attainment

The Office of Legislative Audits (OLA) issued a fiscal compliance audit of SHA in September 2025 and a review of statewide fiscal 2025 closeout transactions in December 2025. In those reports, OLA disclosed findings of unsupported federal fund revenue entries by SHA and MTA. OLA noted that to the extent that these unsupported federal fund revenue entries are uncollectable from the federal government, they may represent deficit balances that will require State funds (such as TTF special funds or general funds) to resolve.

In the fiscal compliance audit of SHA released in September 2025, OLA disclosed that SHA routinely charged expenses to federally funded projects not authorized by the federal granting agency totaling \$358.7 million as of August 2025, and that SHA was unable to readily provide documentation to support five accrued federal fund revenue entries totaling \$449 million as of the conclusion of fiscal 2024.

OLA noted that the cumulative amount spent by SHA on federally funded projects without authorization increased significantly in recent years, from \$9.9 million in June 2020 to \$358.7 million as of August 2025. Additionally, OLA notes that the Comptroller's year-end closing instructions for State agencies provide that accrued revenue transactions should reflect amounts that are collectable within 60 days of the end of the fiscal year, and that revenue should be recognized in the same fiscal year the expenditure is made. The closing instructions also require that detailed documentation be provided to support the transactions.

In December 2025, OLA issued its *Statewide Review of Budget Closeout Transactions for Fiscal Year 2025*, in which it reviewed budget closeout entries processed by eight State agencies, including MDOT. In its review, OLA disclosed similar findings regarding unsupported federal fund revenue entries made by MDOT within both SHA and MTA.

Pertaining to SHA, OLA provided updated findings related to those raised in its September 2025 fiscal compliance audit that, of the five accrued federal fund revenue entries totaling \$600 million as of the close of fiscal 2025, all could not be readily documented by SHA that they accurately reflected amounts collectable from the federal government. Furthermore, \$330.4 million of these funds were related to project costs that were not authorized by the federal granting agency and therefore may not be recoverable. OLA noted that the net amount of accrued federal funds has more than tripled, from \$172.9 million in fiscal 2020 to \$600 million in fiscal 2025.

Similarly, OLA found that MTA was also unable to provide documentation to support the propriety of accrued federal fund revenue entries or the subsequent recovery of the funds. At the end of fiscal 2025, MTA recorded 11 accrued federal fund revenue entries totaling a net of \$755 million. OLA found that this amount was over double the level of actual fiscal 2025 federal fund expenditures, and \$687.9 million of this amount was related to expenditures for which MTA did not have an executed federal grant. As of September 30, 2025, MTA could only document that it recovered \$64.8 million of the \$755 million in total federal funds.

MDOT should update the committees on the actual amounts of federal funds that it has collected from the federal government related to the reported accrued revenue entries from fiscal 2025 and the status of approval of the funds that were not authorized. MDOT should also discuss its progress on implementing corrective actions recommended by OLA pertaining to its audit findings.

Operating Budget Recommended Actions

1. Add the following language:

Provided that it is the intent of the General Assembly that projects and funding levels appropriated for capital projects, as well as total estimated project costs within the Consolidated Transportation Program, shall be expended in accordance with the plan approved during the legislative session. The department shall prepare a report to notify the budget committees of the proposed changes in the event that the department modifies the program to:

- (1) add a new project to the construction program or development and evaluation program meeting the definition of a “major project” under § 2-103.1 of the Transportation Article that was not previously contained within a plan reviewed in a prior year by the General Assembly and will result in the need to expend funds in the current budget year; or
- (2) change the scope of a project in the construction program or development and evaluation program meeting the definition of a “major project” under § 2-103.1 of the Transportation Article that will result in an increase of more than 10% or \$1,000,000, whichever is greater, in the total project costs as reviewed by the General Assembly during a prior session.

For each change, the report shall identify the project title, justification for adding the new project or modifying the scope of the existing project, current year funding levels, and the total project cost as approved by the General Assembly during the prior session compared with the proposed current year funding and total project cost estimate resulting from the project addition or change in scope.

Further provided that notification of project additions, as outlined in paragraph (1) above; changes in the scope of a project, as outlined in paragraph (2) above; or moving projects from the development and evaluation program to the construction program shall be made to the General Assembly 45 days prior to the expenditure of funds or the submission of any contract for approval by the Board of Public Works.

Explanation: This annual budget bill language requires the department to notify the budget committees of proposed changes to the transportation capital program that will add a new project that was not in the fiscal 2026 to 2031 Consolidated Transportation Program (CTP) or will increase a total project’s cost by more than 10% or \$1 million due to a change in scope. Reports are to be submitted with the draft and final versions of the CTP with each using the 2026 session CTP as the basis for comparison. In addition, notification is required as needed throughout the budget year if certain changes to projects are made.

Information Request	Author	Due Date
Capital budget changes from one CTP version to the next	Maryland Department of Transportation (MDOT)	With draft CTP With final CTP
Capital budget changes throughout the year	MDOT	45 days prior to the expenditure of funds or seeking Board of Public Works approval