

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 229

(Senator Garagiola, *et al.*)

Budget and Taxation

Environmental Matters and Ways and
Means

Blue Ribbon Commission on Maryland Transportation Funding

This bill establishes a Blue Ribbon Commission on Maryland Transportation Funding. The Maryland Department of Transportation (MDOT) must provide staff support for the commission. The commission must submit an interim report by January 1, 2011, and a final report by November 1, 2011, providing findings and recommendations to the Governor and the General Assembly.

The bill takes effect July 1, 2010, and terminates June 30, 2012.

Fiscal Summary

State Effect: Given the State's fiscal difficulties, agency budgets have been constrained. Thus, the requirement to develop the required reports may not be absorbable within the existing budgeted resources of MDOT. Instead, Transportation Trust Fund (TTF) expenditures increase by \$83,300 in FY 2011 and \$41,700 in FY 2012 for contractual costs associated with completing the required reports. MDOT can handle the staffing requirement with existing resources; however, limited staff resources may be diverted from other responsibilities. Revenues are not affected.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	83,300	41,700	0	0	0
Net Effect	(\$83,300)	(\$41,700)	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The commission must review, evaluate, and make recommendations on:

- the current State funding sources and structure of TTF;
- short- and long-term transit construction and maintenance funding needs;
- short- and long-term highway construction and maintenance funding needs;
- short- and long-term pedestrian and bicycle facility construction and maintenance funding needs;
- options for public-private partnerships to meet transportation funding needs;
- the structure of regional transportation authorities and their ability to meet transportation needs;
- the impact of economic development and smart growth on transportation funding; and
- options for sustainable, long-term revenue sources for transportation.

To the extent practicable, the commission must encompass regional, economic, ethnic, and gender diversity.

Members of the commission may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations.

Background: TTF is a nonlapsing special fund that provides dedicated 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, Motor Vehicle Administration, Maryland Port Administration, and Maryland Aviation Administration generate operating revenues that cover a portion of their operating expenditures.

The specific tax and fee revenues allocated to TTF include motor fuel taxes, rental car sales taxes, titling taxes, vehicle registration fees, a portion of the sales and corporate income taxes, and other miscellaneous motor vehicle fees. A portion of these revenues is credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA). Then, 30% of GMVRA revenue is distributed to local jurisdictions and the remainder is retained by TTF for MDOT's capital program, debt service, and operating costs. Beginning in fiscal 2012, the proportion of revenue distributed to local jurisdictions decreases from 30% to 28.5%.

State Expenditures: TTF expenditures increase by \$83,335 in fiscal 2011, which accounts for the bill's July 1, 2010 effective date, and \$41,665 in fiscal 2012. This estimate reflects estimated contractual service costs for completing required research and analysis and developing the two reports. It is based on information provided by MDOT regarding previous estimates and costs for similar efforts. Even through the final report is due by November 1, 2011, the estimate reflects contractual employee costs through calendar 2011 to ensure report completion and handle any follow-up tasks as may be needed.

This estimate assumes that MDOT redirects resources from other projects so it may absorb (1) a potentially significant amount of staff time associated with coordinating the commission and contributing to the reports; and (2) reimbursements for the commission members.

Additional Information

Prior Introductions: None.

Cross File: HB 710 (Delegate Howard, *et al.*) – Ways and Means and Environmental Matters.

Information Source(s): Maryland Department of Transportation, Department of Legislative Services

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ncs/lgc Revised - Senate Third Reader - March 18, 2010
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