

HOUSE BILL 1070

R2

4lr1766
CF SB 1093

By: **Delegate Korman**

Introduced and read first time: February 7, 2024

Assigned to: Environment and Transportation and Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 8, 2024

CHAPTER _____

1 AN ACT concerning

2 **Maryland Transportation Authority – Tolls – Collection and Use**
3 **(Maryland Toll Rate Reform Act of 2024)**

4 FOR the purpose of ~~establishing the Transportation Facilities Overage Account in the~~
5 ~~Transportation Trust Fund; requiring the Maryland Transportation Authority to fix,~~
6 ~~revise, charge, and collect fees, tolls, and other charges for the use of transportation~~
7 ~~facilities under its jurisdiction to maximize revenues above certain amounts and to~~
8 ~~distribute the additional revenues to the Transportation Facilities Overage Account~~
9 ~~for certain purposes; establishing certain standards under which the Authority is~~
10 ~~required to set certain toll rates~~ requiring the Maryland Transportation Authority
11 to transfer a certain amount of funds annually beginning on a certain date to the
12 Transportation Trust Fund and to continue to make the transfers until the Authority
13 has made a certain cumulative amount of transfer payments; increasing a certain
14 Authority revenue bond cap; authorizing the Authority to offer certain toll discounts
15 under certain circumstances; and generally relating to the collection and use of
16 revenue by the Maryland Transportation Authority.

17 BY repealing and reenacting, ~~without~~ with amendments,
18 Article – Transportation
19 Section ~~3–215(a), 3–216(a), and 4–312(a)(2) and (b)~~ 4–306 and 4–312(a)(2)
20 Annotated Code of Maryland
21 (2020 Replacement Volume and 2023 Supplement)

22 BY repealing and reenacting, ~~with~~ without amendments,
23 Article – Transportation

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Section ~~3-215(b), 3-216(e)(2)(i), and 4-312(e)~~ 4-312(a)(1) and 4-321(a) and (b)
Annotated Code of Maryland
(2020 Replacement Volume and 2023 Supplement)

BY adding to

Article – Transportation
Section ~~3-216(d)(5) and 4-312(b-1)~~ 4-321(h)
Annotated Code of Maryland
(2020 Replacement Volume and 2023 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Transportation

~~3-215.~~

~~(a) (1) For the purpose of paying the principal of and interest on consolidated transportation bonds as they become due and payable, there is hereby levied and imposed an annual tax that consists of the taxes specified in this section and, to the extent necessary and except as otherwise provided in this subsection, that shall be used and applied exclusively for that purpose.~~

~~(2) The required use and application of the tax under paragraph (1) of this subsection is subject only to the prior use and application of one or all or any combination of the taxes specified in this section to meet the debt service on all of the following bonds while they are outstanding and unpaid and to the payment of which any part of those taxes has been pledged:~~

~~(i) Bonds of prior issues; and~~

~~(ii) Bonds of any series of county transportation bonds issued under Subtitle 3 of this title.~~

~~(b) The tax levied and imposed by this section consists of that part of the following taxes that are retained to the credit of the Department after distributions to the political subdivisions:~~

~~(1) The motor fuel tax revenue distributed under §§ 2-1103(2), 2-1103(3), and 2-1104(a)(3) of the Tax – General Article;~~

~~(2) The motor fuel tax revenue attributable to the sales and use tax equivalent rate imposed under § 9-306 of the Tax – General Article and distributed under § 2-1103(4) of the Tax – General Article;~~

~~(3) The income tax revenue distributed under § 2-614 of the Tax – General Article;~~

~~(4) The excise tax imposed on vehicles by Part II of Title 13, Subtitle 8 of this article; [and]~~

~~(5) The sales and use tax revenues distributed under § 2-1302.1 of the Tax General Article; AND~~

~~(6) THE TRANSPORTATION FACILITIES OVERAGE ACCOUNT REVENUES ALLOCATED UNDER § 3-216(D)(5) OF THIS SUBTITLE.~~

~~3-216.~~

~~(a) There is a Transportation Trust Fund for the Department.~~

~~(e) (2) (i) The Gasoline and Motor Vehicle Revenue Account, the Driver Education Account, [and] the Motorcycle Safety Program Account, AND THE TRANSPORTATION FACILITIES OVERAGE ACCOUNT shall be maintained in the Transportation Trust Fund.~~

~~(d) (5) THE DEPARTMENT SHALL ALLOCATE THE FUNDS IN THE TRANSPORTATION FACILITIES OVERAGE ACCOUNT FOR THE FOLLOWING PURPOSES, IN THE MANNER THE DEPARTMENT DETERMINES APPROPRIATE:~~

~~(i) THE CONSTRUCTION AND MAINTENANCE OF STATE HIGHWAYS THAT FEED VEHICULAR TRAFFIC TO A MARYLAND TRANSPORTATION AUTHORITY TRANSPORTATION FACILITY; AND~~

~~(ii) STATE HIGHWAY OR TRANSIT CONSTRUCTION OR MAINTENANCE PROJECTS THAT:~~

~~1. RELIEVE TRAFFIC CONGESTION AT A MARYLAND TRANSPORTATION AUTHORITY TRANSPORTATION FACILITY BY PROVIDING ALTERNATIVE TRANSPORTATION OPTIONS FOR COMMUTERS AND CARGO; AND~~

~~2. ARE LOCATED IN THE GENERAL VICINITY OF A MARYLAND TRANSPORTATION AUTHORITY TRANSPORTATION FACILITY.~~

~~4-312.~~

~~(a) (2) As to all or any part of any transportation facilities project, the Authority may:~~

~~(i) Fix, revise, charge, and collect rentals, rates, fees, tolls, and other charges and revenues for its use or for its services; and~~

~~(ii) Contract with any person who desires its use for any purpose and fix the terms, conditions, rentals, rates, fees, tolls, or other charges or revenues for this use.~~

~~(b) The rentals, rates, fees, tolls, and other charges and revenues designated as security for any bonds issued under this subtitle shall be fixed and adjusted from time to time, either with respect to a particular transportation facilities project or in respect of the aggregate of the charges and revenues from other transportation facilities projects under the control of the Authority, as may be specified by law or in any applicable resolution or trust agreement, so as to provide funds that, together with any other available revenues, are sufficient as long as the bonds are outstanding and unpaid to:~~

~~(1) Pay the costs of maintaining, repairing, and operating the transportation facilities project or projects financed in whole or in part by one or more series of outstanding and unpaid bonds, to the extent that payment is not otherwise provided;~~

~~(2) Pay the principal of and the interest on these bonds as they become due and payable;~~

~~(3) Create reasonable reserves that are anticipated will be needed for these purposes; and~~

~~(4) Provide funds for paying the cost of replacements, renewals, and improvements.~~

~~(B-1) (1) (i) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.~~

~~(ii) "NEAR OPTIMAL TOLL RATE" MEANS A TOLL RATE THAT PROVIDES AT LEAST 95% OF THE MAXIMUM REVENUE POSSIBLE BASED ON A TRANSPORTATION FACILITIES PROJECT'S OPTIMAL TOLL RATE.~~

~~(iii) "OPTIMAL TOLL RATE" MEANS A TOLL RATE FOR A TRANSPORTATION FACILITIES PROJECT THAT MAXIMIZES REVENUE, AS DETERMINED BY THE AUTHORITY.~~

~~(2) THERE IS A TRANSPORTATION FACILITIES OVERAGE ACCOUNT IN THE TRANSPORTATION TRUST FUND.~~

~~(3) THE AUTHORITY SHALL:~~

~~(i) FIX, REVISE, CHARGE, AND COLLECT FEES, TOLLS, AND OTHER CHARGES AT THE NEAR OPTIMAL TOLL RATE; AND~~

~~(ii) DISTRIBUTE REVENUE COLLECTED ABOVE THE AMOUNTS REQUIRED UNDER SUBSECTION (B) OF THIS SECTION TO THE TRANSPORTATION FACILITIES OVERAGE ACCOUNT IN THE TRANSPORTATION TRUST FUND.~~

~~(4) (i) To determine the optimal toll rate, the Authority shall consider:~~

~~1. Market forces, including the types of traffic that use a particular transportation facility, the elasticity of demand, and the availability of alternate routes; and~~

~~2. Assessing varying toll rates based on the time of day, the time of year, and any anticipated weekend and holiday travel.~~

~~(ii) The Authority shall consider:~~

~~1. Offering discount rates for seniors, daily commuters, low-income state residents, Maryland E-ZPASS holders, and state residents who live in the vicinity of the transportation facility; and~~

~~2. The discount rates offered in determining the near-optimal toll rate.~~

~~(e) (1) Except as otherwise provided in this subsection, the rentals, rates, fees, tolls, and other charges and revenues are not subject to supervision or regulation by any instrumentality, agency, or unit of this State or any of its political subdivisions.~~

~~(2) This subtitle does not permit the exercise of any power or the undertaking of any activity that would conflict with the provisions and limitations of the federal Urban Mass Transportation Act of 1964.~~

~~(3) Tolls for the use of the bridge carrying the John F. Kennedy Memorial Highway over the Susquehanna River may not be less than the comparable tolls charged for the use of the Susquehanna River Bridge.~~

~~(4) Prior to fixing or revising tolls on any part of any transportation facilities project, the Authority shall provide, in accordance with § 2-1257 of the State Government Article, to the Senate Budget and Taxation Committee, Senate Finance Committee, House Appropriations Committee, and House Ways and Means Committee information on the proposed toll charges, including:~~

~~(i) The annual revenues generated by the toll charges;~~

~~(ii) The proposed use of the revenues; and~~

~~(iii) The proposed commuter discount rates.~~

~~(5) THE DEPARTMENT MAY USE ANY REVENUE DISTRIBUTED TO THE
TRANSPORTATION FACILITIES OVERAGE ACCOUNT IN THE TRANSPORTATION
TRUST FUND UNDER SUBSECTION (B-1) OF THIS SECTION AS AUTHORIZED UNDER §
3-216(D)(5) OF THIS ARTICLE.~~

4-306.

(a) Except as provided in subsection (b) of this section, revenue bonds may be
issued by the Authority:

(1) Without obtaining the consent of any instrumentality, agency, or unit
of this State; and

(2) Without any proceedings or the happening of any conditions or things
other than those specifically required by this subtitle.

(b) (1) (i) Subject to subparagraph (ii) of this paragraph, 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 [\$3,000,000,000 or, in fiscal years 2015 through 2020,
\$2,325,000,000.] **\$3,750,000,000** on June 30 of any year.

(ii) The maximum aggregate amount of revenue bonds that may be
outstanding and unpaid under subparagraph (i) of this paragraph shall be reduced by the
amount of:

1. Any loan extended to the State under the federal
Transportation Infrastructure Finance and Innovation Act; and

2. Any line of credit extended to the State under the federal
Transportation Infrastructure Finance and Innovation Act, to the extent the State draws
on the line of credit.

(2) Except as otherwise provided in this section and § 4-205 of this title,
without the approval of the General Assembly, the Authority may issue bonds to refinance
all or any part of the cost of a transportation facility project for which the Authority
previously issued bonds authorized under this subtitle.

4-312.

(a) (1) Notwithstanding the provisions of Section 3, § 20 and Section 4, § 16 of
Chapter 608 of the Acts of the General Assembly of 1976, tolls may continue to be charged
on the John F. Kennedy Memorial Highway and any project constructed under the
provisions of Section 3 (Bridge, Tunnel, and Motorway Revenue Bonds) of Chapter 608 of
the Acts of the General Assembly of 1976.

(2) As to all or any part of any transportation facilities project, the Authority may:

(i) Fix, revise, charge, and collect rentals, rates, fees, tolls, and other charges and revenues for its use or for its services; [and]

(ii) CONSIDER OFFERING DISCOUNTS FOR DAILY COMMUTERS AND MARYLAND E-ZPASS ACCOUNT HOLDERS AS AUTHORIZED BY ITS TRUST AGREEMENT AND OTHER LEGALLY BINDING CONTRACTUAL OBLIGATIONS; AND

(iii) Contract with any person who desires its use for any purpose and fix the terms, conditions, rentals, rates, fees, tolls, or other charges or revenues for this use.

4-321.

(a) In this section, "Intercounty Connector" means the east-west multimodal highway in Montgomery and Prince George's counties between Interstate 270 and Interstate 95/U.S. Route 1, as described in the 2005 – 2010 Consolidated Transportation Plan.

(b) The State and the Authority shall finance the Intercounty Connector as provided in this section.

(H) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE AUTHORITY SHALL TRANSFER \$75,000,000 ANNUALLY BEGINNING ON JULY 1, 2025, TO THE TRANSPORTATION TRUST FUND AND SHALL CONTINUE UNTIL THE AUTHORITY HAS TRANSFERRED TOTAL CUMULATIVE PAYMENTS IN THE AMOUNT OF \$750,000,000.

(2) THE FUNDS SHALL BE TRANSFERRED ONLY AFTER THE AUTHORITY HAS MET ALL OF ITS EXISTING FINANCIAL OBLIGATIONS AS REQUIRED UNDER ITS TRUST AGREEMENT AND ANY SUPPLEMENTAL TRUST AGREEMENTS, OR ANY OTHER FINANCIAL OBLIGATIONS OF THE AUTHORITY UNDER EXISTING AGREEMENTS, PAID OR SET ASIDE AMOUNTS TO FUND OR MEET CURRENT EXPENSES, DEBT SERVICE OBLIGATIONS ON BONDS ISSUED BY THE AUTHORITY, MAINTENANCE AND OPERATIONS RESERVE REQUIREMENTS, AND OTHER RESERVE AND JUNIOR OBLIGATIONS REQUIREMENTS.

(3) IN ACCORDANCE WITH TITLE 23 U.S.C. § 129, THE AUTHORITY SHALL CERTIFY ANNUALLY THAT ITS TOLLED FACILITIES ARE BEING ADEQUATELY MAINTAINED AND THE DEPARTMENT SHALL CERTIFY ANNUALLY THAT THE USE OF TRANSFERRED FUNDS IS FOR EXPENSES ELIGIBLE UNDER TITLE 23 U.S.C. § 129.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2024.