

SENATE BILL 24

B1, R2

(PRE-FILED)

3lr0696
CF HB 51

By: **Senator McCray**

Requested: November 4, 2022

Introduced and read first time: January 11, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Transportation – Consolidated Transportation Program and**
3 **Debt Limit of Grant Anticipation Revenue Vehicle Bonds**
4 **(State and Federal Transportation Funding Act)**

5 FOR the purpose of requiring the financial forecast that supports the Consolidated
6 Transportation Program to include a reserve of a certain amount for changes in
7 certain revenue sources; altering the calculation of the maximum amount of debt
8 secured by future federal aid that the Department of Transportation may issue;
9 providing that the maximum amount of debt that may be issued is calculated as of a
10 certain date; providing that the proceeds from the issuance of certain debt may be
11 used only for certain purposes; and generally relating to the Consolidated
12 Transportation Program's financial forecast and the amount of debt that the
13 Department of Transportation may issue.

14 BY repealing and reenacting, without amendments,
15 Article – Transportation
16 Section 2–103.1(b)
17 Annotated Code of Maryland
18 (2020 Replacement Volume and 2022 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Transportation
21 Section 2–103.1(m)
22 Annotated Code of Maryland
23 (2020 Replacement Volume and 2022 Supplement)

24 BY repealing and reenacting, with amendments,
25 Article – Transportation
26 Section 3–601
27 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2020 Replacement Volume and 2022 Supplement)

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

Article – Transportation

2–103.1.

(b) The State Report on Transportation consists of the Consolidated
Transportation Program and the Maryland Transportation Plan.

(m) (1) (i) Subject to § 2–1257 of the State Government Article:

1. On or before September 1 of each year, the Department
shall submit copies of the proposed Consolidated Transportation Program and the
supporting financial forecast to the General Assembly; and

2. On submission of the budget bill to the presiding officers
of the General Assembly, the Department shall submit copies of the approved Consolidated
Transportation Program, including the manner in which each major transportation project
was evaluated and ranked under § 2–103.7 of this subtitle, and the supporting financial
forecast to the General Assembly.

(ii) Notwithstanding § 2–1257(b)(2) of the State Government Article,
the Department shall provide to each member of the General Assembly a copy of the
proposed Consolidated Transportation Program and the approved Consolidated
Transportation Program.

(2) (i) The financial forecast supporting the Consolidated
Transportation Program to be submitted to the General Assembly under paragraph (1) of
this subsection shall include the following components:

1. A schedule of operating expenses for each specific modal
administration;

2. A schedule of revenues, including tax and fee revenues,
deductions from revenues for other agencies, Department program and fees, Motor Vehicle
Administration cost recovery, deductions for highway user revenues, operating revenues
by modal administration, and miscellaneous revenues; and

3. A summary schedule for the Transportation Trust Fund
that includes the opening and closing Fund balance, revenues, transfers, bond sales, bond
premiums, any other revenues, expenditures for debt service, operating expenses, amounts
available for capital expenses, bond interest rates, bond coverage ratios, total bonds
outstanding, federal capital aid, and the total amount for the Transportation Capital
Program.

1 (ii) The financial forecast shall include[, for]:

2 1. FOR each of the components specified in subparagraph (i)
3 of this paragraph:

4 [1.] A. Actual information for the last full fiscal year; and

5 [2.] B. Forecasts of the information for each of the six
6 subsequent fiscal years, including the current fiscal year, the fiscal year for the proposed
7 budget, and the next four subsequent fiscal years; AND

8 2. FOR THE SUMMARY OF REVENUES AND RECEIPTS
9 COMPONENT, A LINE ITEM OF \$30,000,000 FOR A RESERVE FOR CHANGES IN
10 REVENUE SOURCES FOR EACH FISCAL YEAR INCLUDED IN THE FINANCIAL
11 FORECAST.

12 (iii) 1. For the period beyond the budget request year, the
13 financial forecast:

14 A. Shall maximize the use of funds for the capital program;

15 B. Except as authorized by law, may not withhold or reserve
16 funds for capital transportation grants to counties or municipal corporations; and

17 C. Except as provided in subparagraph 2 of this
18 subparagraph, shall increase the operating expenses, net of availability payments paid to
19 public-private partnership concessionaires, each year by at least the 5-year average
20 annual rate of change in the operating expenses of the Department, ending with the most
21 recently completed fiscal year.

22 2. The assumed rate of future operating budget growth
23 under subparagraph 1C of this subparagraph may not increase or decrease by more
24 than 0.5 percentage points from the growth rate assumed in the previous forecast.

25 (iv) The Department shall incorporate in the financial forecast the
26 most recent estimates by the Board of Revenue Estimates of the revenues from:

27 1. The corporate income tax and the sales and use tax for
28 each of the six subsequent years, including the current fiscal year and the fiscal year for
29 the proposed budget; and

30 2. Motor fuel taxes and motor vehicle titling taxes for the
31 current fiscal year and the fiscal year for the proposed budget.

32 3-601.

1 (a) In order to utilize to the greatest extent possible the benefits of available
2 financial resources relating to transportation purposes, including federal grants, loans,
3 transportation facility revenue sources, and other programs, the Department from time to
4 time may issue its bonds and otherwise borrow funds, as provided in this subtitle, to finance
5 the costs of transportation facilities.

6 (b) The Department may apply for any financial assistance in support of projects
7 deemed appropriate by the Secretary.

8 (c) The Department may undertake the following actions and do all things
9 necessary and appropriate consistent with such actions to utilize the available resources
10 specified in subsection (a) of this section:

11 (1) Pledge and use existing and anticipated federal funds paid to or
12 expected to be paid to the Department for transportation purposes for the payment of the
13 principal of and interest on the Department's bonds or other debt obligations issued under
14 this subtitle to finance the costs of transportation facilities; and

15 (2) (i) Borrow funds from the federal government or its agencies, and
16 evidence such borrowing with a promissory note or other evidence of obligation;

17 (ii) Borrow funds from a nongovernment lender if the loan is
18 guaranteed by the federal government or its agencies; and

19 (iii) 1. Use the proceeds of the loans described in items (i) and (ii)
20 of this paragraph in connection with transportation facilities including use of the proceeds
21 to pay the costs of financing transportation facilities and the payment of debt service on the
22 Department's bonds issued in connection with such transportation facilities;

23 2. Repay the loans with revenues attributable to the
24 transportation facilities being financed; and

25 3. Pledge revenues attributable to the transportation
26 facilities being financed in order to secure the Department's obligations to the federal
27 government or its agencies or a nongovernment lender in connection with the loans.

28 (d) If the Department intends to pledge any future federal aid from any source to
29 support repayment of bonds issued under this subtitle:

30 (1) The aggregate **OUTSTANDING AND UNPAID** principal amount of debt
31 issued under this subtitle or Title 4, Subtitle 3 of this article that is secured by a pledge of
32 future federal aid may not exceed \$750,000,000 **AS OF JUNE 30 OF ANY FISCAL YEAR,**
33 **PROVIDED THAT THE PROCEEDS MAY BE USED ONLY FOR:**

34 **(I) DESIGNING AND CONSTRUCTING THE BALTIMORE RED**
35 **LINE;**

1 **(II) PROCURING ELECTRIC BUSES AND CONSTRUCTING**
2 **RELATED INFRASTRUCTURE;**

3 **(III) REHABILITATING OR REPLACING THE SUSQUEHANNA**
4 **RIVER RAIL BRIDGE;**

5 **(IV) REPLACING THE BALTIMORE AND POTOMAC TUNNEL WITH**
6 **THE FREDERICK DOUGLASS TUNNEL;**

7 **(V) DEVELOPING AND CONSTRUCTING THE SOUTHERN**
8 **MARYLAND RAPID TRANSIT CORRIDOR; OR**

9 **(VI) IMPROVING CAPACITY OR RUN-THROUGH SERVICE ON THE**
10 **BRUNSWICK, CAMDEN, OR PENN LINES OF THE MARYLAND AREA REGIONAL**
11 **COMMUTER (MARC) RAIL SYSTEM;**

12 (2) The date of maturity may not be later than 12 years after the date of
13 issue;

14 (3) Notwithstanding § 3-215(d) of this title, if future federal aid is
15 insufficient to pay the principal of and interest on the bonds issued under this subtitle when
16 due, the tax levied under § 3-215 of this title, to the extent the proceeds of such tax are not
17 necessary to provide the sinking fund required under § 3-215(c) of this title, is irrevocably
18 pledged to the payment of the principal of and interest on the bonds issued under this
19 subtitle as they become due and payable;

20 (4) The lien of the pledge under item (3) of this subsection shall at all times
21 be subordinate to the lien of the pledge of such tax under § 3-215(d) of this title to the
22 payment of principal of and interest on consolidated transportation bonds; and

23 (5) No part of the tax levied under § 3-215 of this title may be repealed,
24 diminished, or applied to any other purpose until:

25 (i) The bonds issued under this subtitle and interest on them have
26 become due and fully paid; or

27 (ii) Adequate and complete provision for payment of the principal
28 and interest has been made.

29 (e) (1) By resolution of the Secretary, the Department may:

30 (i) Borrow funds to finance the costs of transportation facilities;

31 (ii) Evidence the borrowing by the issuance and sale of
32 revenue-backed bonds; and

1 (iii) Pledge and use a dedicated revenue source, which may include
2 revenues attributable to the transportation facilities being financed, for the payment of the
3 principal of and interest on the Department's revenue-backed bonds described in this
4 subsection.

5 (2) Payment of the principal of or interest on revenue-backed bonds issued
6 under this subtitle may not be supported directly or indirectly by State tax revenues
7 pledged to meet debt service on Consolidated Transportation Bonds as prescribed under §
8 3-215 of this title.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2023.