# Meeting Follow-Ups
# August 24, 2023

**Question:** Can you provide additional detail on the sources of Transportation Trust Fund revenues? It would also be helpful to understand how the other sources are derived, including some sensitivity analysis of potential adjustments. In addition to the percentages shown on the revenue pie chart, please assign a dollar value to each revenue source. (Commissioner Laria)

**Answer:** Please see below for a description of each revenue source and the amount of revenue derived from that source in FY 2023. Please note that the percentage share of revenues from each source may have changed slightly from the information previously provided in Meeting 1 as the result of final closeout of the Maryland Department of Transportation's (MDOT) FY 2023 expenses. Information regarding the sensitivity of potential revenue adjustments will be provided to the Commission at a future meeting.

*Motor fuel tax* – Motor fuel tax revenues are the largest source of funding for the Transportation Trust Fund. FY 2023 revenues from this source totaled $1.3 billion, or 22% of total revenues. The motor fuel tax rate includes a base rate on gasoline and diesel fuel, a Consumer Price Index component, and a sales and use tax equivalent component. Motor fuel tax revenues are expected to decline longer-term due to the increasing fuel efficiency of vehicles and growth in electric vehicle ownership.

*Federal Aid* – In FY 2023, federal aid totaled $1.3 billion, or 22% of total revenues. The Infrastructure Investment and Jobs Act (IIJA) is the current multi-year transportation re-authorization bill and provides authorization for federal fiscal years 2022 through 2027. Federal aid is primarily limited to use on capital projects, with limited availability to support ongoing operations. Federal aid is provided through multiple formula and discretionary grant programs, with each program having its own robust application and reporting requirements and non-federal fund match requirements.

*Vehicle Titling Tax* – In FY 2023, titling tax revenues generated $1.0 billion, or 18% of total revenues. The tax rate is assessed at 6% of fair market value of the vehicle, less an allowance for trade-in, that is paid on the sale of all new and used vehicles and new residents' vehicles.

*Operating Revenues* – In FY 2023, operating revenues generated $413 million, or 7% of total revenues. Operating revenues include charges for airport operations, including flight activities, rent and user fees, parking, and concessions at State-owned and operated BWI Marshall Airport and Martin State Airport ($284 million); transit fares from Maryland Transit Administration (MTA) operations ($73 million); and fees for port terminal operations and rent at the Maryland Port Administration's publicly owned and operated terminals at the Port of Baltimore ($56 million).

*Vehicle Registration Fees* – In FY 2023, titling tax revenues generated $407 million, or 7% of total revenues. Registration fees are assessed bi-annually and vary by vehicle class and weight. Fees for passenger vehicles range from $135 to $187 and include a $17 yearly surcharge to support the operations of the Maryland Emergency Medical System Operations Fund.

*COVID Relief Funds* – In FY 2023, MDOT received $364 million in COVID relief funds, or 6% of total revenues. Since FY 2020, MDOT received more than $1.8 billion in COVID relief funds. This includes funds received directly by MDOT from the federal government, as well as funds allocated to MDOT from Maryland's State and Local Fiscal Recovery Funds. These funds were primarily used to support transit operations. MDOT will fully deplete all available COVID relief funds in FY 2024.

*Corporate Income Tax* – In FY 2023, corporate income tax revenues generated $334 million, or 6% of total revenues. Corporate income tax revenues are shared between the State's General Fund and the Transportation Trust Fund. In accordance with Chapter 240 of 2022, the transportation share of corporate income tax revenues varies over the six-year capital program. From FY 2023 to FY 2024, the rate increases from 17.2% to 20%; to 21% in FY 2025; to 22% in FY 2026 and FY 2027; and then decreases to 20% in FY 2028 and beyond. These changes are meant to offset the impact of increased levels of highway user revenue capital transportation grants to local jurisdictions and do not provide additional funding to MDOT.

*Miscellaneous Vehicle and Driver Fees* – In FY 2023, revenues from miscellaneous vehicle and driver fees generated $279 million, or 5% of total revenues. This item is inclusive of most fees charged at the Motor Vehicle Administration (MVA) except for registration fees, which is shown separately. It includes license and identification card fees, flag removals, certified copies, etc. State law requires the MVA to recover between 95 and 100% of certain expenses from certain fees. This requirement is not currently being met.

*General Funds* – In FY 2023, MDOT received $229 million of funding from the State General Fund, or 4% of total revenues. There is a long history of transfers between the Transportation Trust Fund and the State's General Fund. Historically, those transfers have mostly occurred from the Transportation Trust Fund to the General Fund. In 2013, Maryland voters overwhelmingly approved a constitutional amendment meant to limit the use of transportation revenues only for transportation purposes. Since FY 2020, funds have more been transferred from the State's General Fund to the Transportation Trust Fund to fund specific transportation projects and initiatives, including Maryland's share of dedicated capital funding for the Washington Metropolitan Area Transit Authority (WMATA) and Maryland's share of the improvements to the Howard Street Tunnel.

*Sales Tax on Rental Vehicles* – In FY 2023, MDOT received $41 million from the Transportation Trust Fund's share of revenues from the sales tax on rental vehicles, or 1% of total revenues. A sales and use tax of 11.5% is imposed on the rental of passenger vehicles and peer-to-peer car sharing. Revenues are distributed to the Chesapeake Bay 2010 Trust Fund (55%) and the Transportation Trust Fund (45%).

*Bond Sales* – MDOT issues Consolidated Transportation Bonds to help fund its capital program. There were no new bonds issued in FY 2023, but MDOT currently has $3.3 billion of debt outstanding. Bonds are limited to a 15-year maturity and debt service is the first call on MDOT's revenues. There is a statutory limit of $4.5 billion on debt outstanding and bond coverage ratios that limit the amount of debt that MDOT may issue. Bond proceeds may be used only to pay for capital projects.

*Other Revenues* – In FY 2023, other revenues generated $80 million, or 2% of total revenues. Other revenues include a variety of small or one-time revenues, which may include investment income, land sales, resource-sharing agreements, etc.

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**Question:** It would be helpful to know (i) how the overall source mix compares to other states (i.e., do we all use the same sources?), and (ii) how Maryland's controllable sources individually compare to such sources in other states (i.e., are our titling tax rates, registration fees, etc., similar?). (Commissioner Laria)

**Answer:** This information will be provided to the Commission at a future meeting.

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**Question:** Can you provide more detailed information about historical data on revenues, trends and factors affecting transportation revenues? (Commissioner Feldmark)

**Answer:** This information will be provided to the Commission at a future meeting.

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**Question:** Can you provide an example of MDOT incorporating the feedback received during the annual Consolidated Transportation Program (CTP) tour in the final CTP? (Commissioner Korman)

**Answer:** Local jurisdictions, elected officials, and the public provide regular feedback to MDOT on its facilities, services, and needs. In addition, there are regular meetings with local jurisdictions at both the staff and executive level to discuss coordination, projects, and priorities. The annual submission of priority letters provides a more formal documentation of requests for improved and additional services and facilities. MDOT reviews those letters and utilizes that information to help inform the development of the draft CTP. In August of each year, MDOT meets with every county to discuss transportation priorities at the annual Maryland Association of Counties summer conference. Prior to each CTP tour meeting, MDOT and county staff meet to discuss issues and priorities. Thus, the CTP tour meetings are part of an ongoing conversation with local jurisdictions and, to the extent feasible, county priorities have already been incorporated into the draft CTP.

Feedback from the annual CTP tour often results in new or modified projects that can be delivered as part of areawide programs included in the CTP Minor Project Program. For example, as a result of feedback during the CTP tour in 2022, the State Highway Administration (SHA) created a project in Charles County to replace pavement and curb at a closed median crossover on US 301 in Waldorf with landscaping; a traffic signal reconstruction project for MD 924 (Bond Street) at Pennsylvania Avenue in Harford County; a new crosswalk installation on MD 355 in the vicinity of Rocky Hill Middle and Clarksburg High Schools in Montgomery County; and a traffic signal phasing modification project for MD 5 (Point Lookout Road) at Merchant's Lane in St. Mary's County. Regarding larger projects, feedback during the 2022 Frederick County tour provided areas of concern for noise resulting from the US 15, Frederick Freeway, and US 40, Frederick Freeway project in the FY 2023-2028 CTP Primary Construction Program; SHA will complete noise analyses in the identified areas of concern and conduct related community outreach.

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**Question:** Can you provide an example of the legislature making changes to the CTP during the legislative review period? (Commissioner Korman)

**Answer:** Yes, the legislature routinely utilizes the budget process and legislation to make changes to the CTP and mandate the funding of certain projects and initiatives. During the 2023 legislative session, the Governor's budget as introduced provided $500 million earmarked to fund future transportation projects, and legislative actions reduced that amount to $100 million. During the 2022 legislative session, Chapter 38 was passed, requiring that all passenger and other light-duty vehicles in the State fleet be zero-emission vehicles by 2031 and 2036, respectively. During the 2021 special session, the legislature overrode a Governor's veto and passed Chapter 11 that mandates minimum funding levels for transit state of good repair needs in FY 2023-2029. During the 2021 legislative session, the legislature redirected $5 million of funds budgeted for system preservation to partially fund an environmental analysis for the Southern Maryland Rapid Transit Project, thus requiring MDOT to redirect a total of $20M from other projects to fully fund the required study. Also during the 2021 legislative session, Chapter 693 passed, establishing a transition plan for MTA's buses to zero-emission busses beginning in FY 2023, which has an estimated cost of $1 billion and is not currently fully funded.

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**Question:** Has there been any years that MDOT did not maximize its use of federal fund dollars? Any years where federal funds were left 'on the table'? (Commissioner Sakata)

**Answer:** We are not aware of any instances of MDOT not fully utilizing federal funds available to it. In fact, MDOT strives to position itself to benefit from the annual re-distribution of funds that re-allocates unspent funds from states with unobligated funds to other states. It is the priority of this Administration to maximize the use of federal fund dollars.

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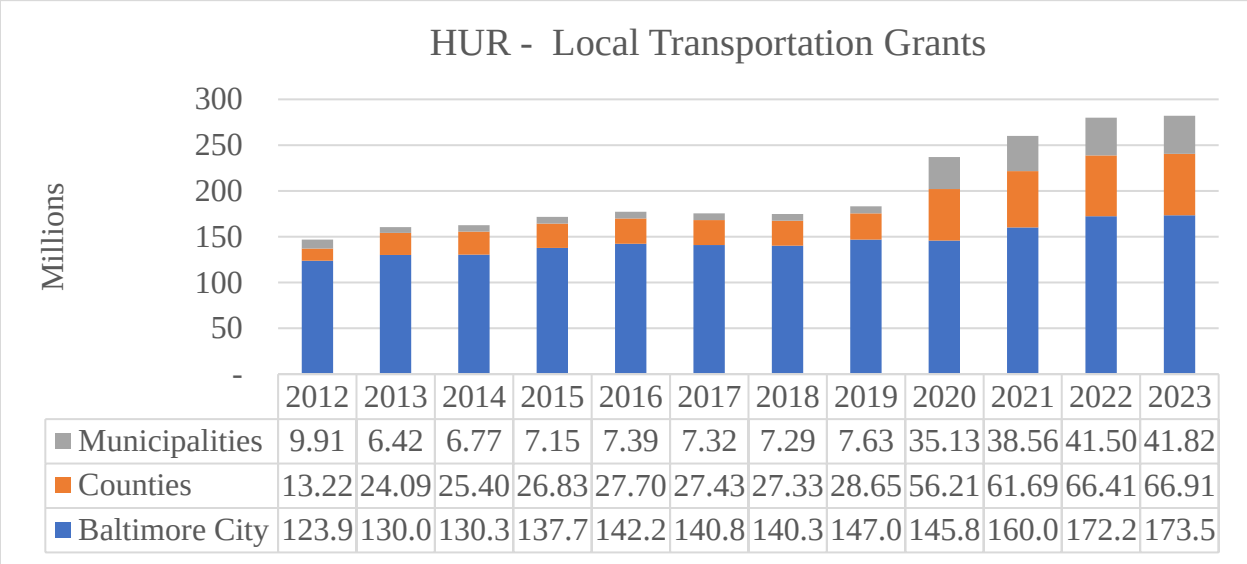
**Question:** Can you provide the history of funding levels for the local highway user revenue and information on the split between counties and municipalities? (Commissioner Winstead)

**Answer:** Local highway user revenue grants provide for a cost-sharing mechanism of certain transportation revenues to local jurisdictions. Revenues shared with local jurisdictions include a portion of certain motor fuel tax revenues, titling tax, a portion of corporate income tax revenues, and a portion of vehicle registration fees. Since 2007, the allocation of highway user revenues between MDOT and local jurisdictions has changed multiple items. The chart below provides a history of funding levels.




| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Municipalities | 9.91 | 6.42 | 6.77 | 7.15 | 7.39 | 7.32 | 7.29 | 7.63 | 35.13 | 38.56 | 41.50 | 41.82 |
| Counties | 13.22 | 24.09 | 25.40 | 26.83 | 27.70 | 27.43 | 27.33 | 28.65 | 56.21 | 61.69 | 66.41 | 66.91 |
| Baltimore City | 123.9 | 130.0 | 130.3 | 137.7 | 142.2 | 140.8 | 140.3 | 147.0 | 145.8 | 160.0 | 172.2 | 173.5 |

Looking forward, Chapter 240 of 2022 established increased funding levels. From FY 2023 to FY 2024, the rate increases from 13.5% to 15.6%; to 18% in FY 2025; to 20% in FY 2026 and FY 2027; and then returns to 15.6% in FY 2028 and beyond.

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**Question:** Can you provide examples of how other states define State of Good Repair and determine funding levels? (Commissioner Tulkin)

**Answer:** Defining State of Good Repair begins at the federal level with the Moving Ahead for Progress in the 21st Century Act (MAP-21), enacted in 2012. MAP-21 is a federal law that authorizes funding for surface transportation programs in the United States. It includes several provisions related to State of Good Repair, referred to as asset management, which is the systematic process of planning, organizing, managing, and controlling assets throughout their life cycles. One of the key provisions of MAP-21 is the requirement that states develop and implement a risk-based transportation asset management plan for the National Highway System. This plan must include objectives and measures, identification of performance gaps, life-cycle cost and risk management analyses, a financial plan, and investment strategies. MAP-21 also required the U.S. Department of Transportation to establish performance measures and targets

that all state departments of transportation must meet related to the condition of National Highway System pavements and bridges. These national measures and related targets are used by the U.S. Department of Transportation to assess the progress by state departments of transportation on meeting the State of Good Repair goal of maintaining the National Highway System pavements in good condition and to identify areas where improvements are needed.

At the state level, all state departments of transportation must develop a transportation asset management plan as required by federal law to receive federal funding. Many state departments of transportation include additional assets in their transportation asset management plan beyond what is required through the federal law (which is focused solely on National Highway System pavements and bridges). Also, many state departments of transportation have established state-based programs to address State of Good Repair and the management of critical assets within their jurisdictions.

Maryland established a Strategic Asset Management Plan which provides a comprehensive approach to managing and maintaining all of the MDOT assets based upon sound asset management practices. One of the goal areas in the strategic asset management plan is to develop a plan for maintaining MDOT assets in a state of good repair. MDOT also publishes the Attainment Report which includes a goal to preserve, maintain, and modernize the State's existing transportation infrastructure and assets. SHA develops a transportation asset management plan per the federal requirements. The SHA transportation asset management plan identifies 14 critical assets including pavement and bridges as well as traffic control devices and facilities.

Pennsylvania uses a combination of the state and federal performance measures of asset condition to manage their pavement and bridge assets. In the Pennsylvania transportation asset management plan, asset performance is reported based on the percentage of the assets in good, fair, and poor condition. The Pennsylvania Department of Transportation desired State of Good Repair in 2031 for pavement in poor condition is 5.0% and the estimated condition for interstate pavements is 0.6% and Non-Interstate NHS is 8.0%. Similarly, the desired State of Good Repair for bridges in poor condition is 10% and the estimated condition will be 11.4%.

Virginia established their State of Good Repair Program in 2015. It provides funding specifically for deteriorated pavements in poor condition and structurally deficient bridges owned and maintained by the state or localities. 30% of construction program funding under the Virginia Transportation Trust Fund is allocated to State of Good Repair purposes. Virginia incorporates a project prioritization process for the State of Good Repair program to select projects to receive funding. Virginia law requires use of priority ranking system with no district receiving more than 17.5%t or less than 5.5% of funding.

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**Question:** Please provide an analysis of the effectiveness of the local jurisdictions in the priority letter and CTP tour process. Are letters submitted on time? How does the Maryland process compare to other states? (Commissioner Tulkin)

**Answer:** Overall participation from local jurisdictions in the priority letter process and annual CTP tour is high. In 2022, all 23 counties and Baltimore City provided priority letters. To date in 2023, only three counties have not shared a priority letter (Caroline, Kent, and Prince George's). Further, letters were also received from regional entities, such as the Tri-County Council of Southern Maryland, and many county letters included priority lists from towns and municipalities within their region. All current and previously submitted letters from each jurisdiction going back to 2007 are available on MDOT's website. The format and content of priority letters developed by each jurisdiction can vary greatly in regard to the number of projects, the level of detail provided for each project, whether projects are prioritized, and whether fiscal constraint is applied. In 2023, across all priority letters, 600 projects were identified as priorities. Project estimated for just the #1 priorities from each county and Baltimore City totaled more than $4 billion.

MDOT visits each county and Baltimore City during the CTP tour in September through November. The schedule for the 2023 CTP currently underway now is available here. MDOT is a guest of local jurisdictions during the CTP tour. Each local jurisdiction determines the meeting format and attendees. These meetings are typically well attended and provide a forum for discussion of the draft CTP.

We are not aware of any other states that have a comparable process or approach to developing the CTP that Maryland incorporates, such as the county priority letters and the CTP tour. There are several states that have developed project prioritization programs that are used to identify and rank capacity expansion projects for funding, similar to Maryland's Chapter 30 Scoring process, including Virginia and North Carolina. Additional information regarding the prioritization process utilized by other states will be provided to the Commission at a future meeting.

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**Question:** How much federal funding does Maryland have access to that is currently not being utilized? (Commissioner Chang)

**Answer:** We are not aware of any instances of MDOT not fully utilizing federal funds available to it. In fact, MDOT strives to position itself to benefit from the annual re-distribution of funds that re-allocates unspent funds from states with unobligated funds to other states. It is the priority of this Administration to maximize the use of federal fund dollars.

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**Question:** What is the total amount of additional federal funding available to MDOT under the Infrastructure Investment and Jobs Act? (Delegate Chang)

**Answer:** The Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law, includes a $1.2 trillion investment in the nation's transportation and infrastructure, with $550 billion of that going toward "new" investments and programs. These critical funds will help rebuild America's roads, bridges, and rails; upgrade and expand public transit; modernize the nation's ports and airports; improve safety; address the climate crisis;

advance environmental justice; and invest in communities. Funding is allocated to over 350 distinct programs across more than a dozen federal departments and agencies.

According to the Maryland Fact Sheet published by the U.S. Department of Transportation, Maryland is expected to receive approximately $4.7 billion in federal highway formula funding for highways and bridges and $1.8 billion to improve public transportation over five years. On an average annual basis, this is about 36% more than Maryland received under the Fixing America's Surface Transportation (FAST) Act, the previous transportation reauthorization bill. These amounts do not include funding available under a number of other formula and grant programs. The chart below details funding currently available to Maryland under various U.S. Department of Transportation grant programs. This number includes formula funds and discretionary grants awarded to date. It is important to note that this chart includes all funds awarded to Maryland, not just MDOT. Local jurisdictions or other State agencies may be the recipient of some of these funds.

| ***U.S. Department of Transportation ($ in Thousands)*** | **FY 2022-2026** | **FY 2022** | **FY 2023** | **FY 2024** | **FY 2025** | **FY 2026** |
|---|---|---|---|---|---|---|
| **Federal Aviation Administration** | | | | | | |
| Airport Infrastructure Grants | $159,251 | $31,778 | $31,868 | $31,868 | $31,868 | $31,868 |
| Airport Terminal Program | $38,000 | $0 | $38,000 | $0 | $0 | $0 |
| *Sub-total Federal Aviation Administration* | *$197,251* | *$31,778* | *$69,868* | *$31,868* | *$31,868* | *$31,868* |
| | | | | | | |
| **Federal Highway Administration** | | | | | | |
| Advanced Transportation Technologies and Innovative Mobility Deployment (set-aside of Technology and Innovation Deployment Program, Highway Research and Development, and Intelligent Transportation Systems) | $11,935 | $11,935 | $0 | $0 | $0 | $0 |
| Appalachian Development Highway System | $22,251 | $11,073 | $11,178 | $0 | $0 | $0 |
| Bridge Formula Program | $440,654 | $88,131 | $88,131 | $88,131 | $88,131 | $88,131 |
| Bridge Investment Program | $560 | $560 | $0 | $0 | $0 | $0 |
| Carbon Reduction Program | $94,378 | $18,135 | $18,498 | $18,868 | $19,246 | $19,630 |
| Congestion Mitigation and Air Quality Improvement | $304,467 | $58,506 | $59,676 | $60,869 | $62,087 | $63,329 |
| Construction of Ferry Boats and Ferry Terminal Facilities | $1,001 | $201 | $200 | $200 | $200 | $200 |
| Disadvantaged Business Enterprises | $159 | $159 | $0 | $0 | $0 | $0 |
| Federal Lands Access Program | $935 | $473 | $462 | $0 | $0 | $0 |
| Highway Safety Improvement Program | $234,924 | $44,898 | $46,035 | $47,003 | $47,990 | $48,998 |
| Metropolitan Transportation Planning | $47,607 | $9,148 | $9,331 | $9,518 | $9,708 | $9,902 |
| National Electric Vehicle Formula Program | $62,819 | $9,298 | $13,380 | $13,380 | $13,380 | $13,380 |
| National Highway Freight Program | $108,456 | $20,841 | $21,258 | $21,683 | $22,116 | $22,559 |
| National Highway Performance Program | $2,173,010 | $417,541 | $425,903 | $434,431 | $443,131 | $452,004 |
| Nationally Significant Federal Lands and Tribal Projects | $0 | $0 | | | | |
| Nationally Significant Freight and Highway Projects | $0 | $0 | $0 | $0 | $0 | $0 |
| Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) | $107,314 | $20,621 | $21,034 | $21,454 | $21,884 | $22,321 |
| Puerto Rico Highway Program | $0 | $0 | $0 | $0 | $0 | $0 |
| Railway-Highway Crossings (HSIP set-aside) | $11,788 | $2,508 | $2,320 | $2,320 | $2,320 | $2,320 |
| Reconnecting Communities Pilot Program: Capital Construction Grants | $0 | $0 | $0 | $0 | $0 | $0 |
| Reconnecting Communities Pilot Program: Planning | $2,000 | $2,000 | $0 | $0 | $0 | $0 |
| Rural Surface Transportation Grant Program | $0 | $0 | $0 | $0 | $0 | $0 |
| Surface Transportation Block Grant | $1,058,442 | $203,389 | $207,456 | $211,605 | $215,838 | $220,154 |
| Technology and Innovation Deployment Program | $312 | $312 | | | | |
| Territorial Highway Program | $0 | $0 | $0 | $0 | $0 | $0 |
| *Sub-total Federal Highway Administration* | *$4,683,012* | *$919,729* | *$924,862* | *$929,462* | *$946,031* | *$962,928* |
| | | | | | | |
| **Federal Motor Carrier Safety Administration** | | | | | | |
| Motor Carrier Safety Assistance Program | $38,754 | $6,990 | $7,464 | $7,969 | $8,100 | $8,231 |
| *Sub-total Federal Motor Carrier Safety Administration* | *$38,754* | *$6,990* | *$7,464* | *$7,969* | *$8,100* | *$8,231* |

| *U.S. Department of Transportation ($ in Thousands)* | FY 2022-2026 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|---|---|---|---|---|---|---|
| **Federal Rail Administration** | | | | | | |
| Railroad Crossing Elimination Program | $1,534 | $1,534 | $0 | $0 | $0 | $0 |
| *Sub-total Federal Rail Administration* | *$1,534* | *$1,534* | *$0* | *$0* | *$0* | *$0* |
| | | | | | | |
| **Federal Transit Administration** | | | | | | |
| All Stations Accessibility Program | $7,110 | $7,110 | $0 | $0 | $0 | $0 |
| Appalachian Development Public Transportation Assistance Program (set-aside of Rural Area Formula | $4,372 | $835 | $854 | $875 | $893 | $915 |
| Bus and Bus Facilities Competitive Grants | $81,629 | $41,766 | $39,863 | $0 | $0 | $0 |
| Bus and Bus Facilities formula grants | $73,092 | $13,964 | $14,278 | $14,622 | $14,924 | $15,303 |
| Capital Investment Grants | $0 | $0 | $0 | $0 | $0 | $0 |
| Electric or Low-emitting Ferry Program | $2,975 | $2,975 | $0 | $0 | $0 | $0 |
| Enhanced Mobility Grants | $28,786 | $5,595 | $5,634 | $5,738 | $5,844 | $5,976 |
| Ferry Service for Rural Communities | $0 | $0 | $0 | $0 | $0 | $0 |
| Metropolitan Planning | $17,895 | $3,423 | $3,489 | $3,581 | $3,655 | $3,747 |
| Pilot Program for Innovative Coordinated Access and | $0 | $0 | $0 | $0 | $0 | $0 |
| Pilot Program for Transit-oriented Development Planning | $1,497 | $1,497 | $0 | $0 | $0 | $0 |
| Public Transportation Innovation | $0 | $0 | $0 | $0 | $0 | $0 |
| Rail Vehicle Replacement Grants (set-aside of State of Good Repair Grants) | $0 | $0 | $0 | $0 | $0 | $0 |
| Rural Area Formula Grants | $41,445 | $7,911 | $8,087 | $8,296 | $8,468 | $8,683 |
| Rural Transportation Assistance Program (set-aside of Rural Area Formula Grants) | $982 | $189 | $191 | $196 | $200 | $205 |
| State of Good Repair Grants | $494,401 | $95,352 | $96,777 | $98,893 | $100,604 | $102,776 |
| Statewide Transportation Planning | $3,436 | $661 | $669 | $687 | $701 | $719 |
| Urbanized Area Formula Grants | $1,174,845 | $224,444 | $229,254 | $235,090 | $239,966 | $246,091 |
| Urbanized Area Passenger Ferry Program (set-aside of Urbanized Area Formula Grants) | $5,086 | $5,086 | $0 | $0 | $0 | $0 |
| *Sub-total Federal Transit Administration* | *$1,937,551* | *$410,808* | *$399,096* | *$367,978* | *$375,255* | *$384,415* |
| | | | | | | |
| **Maritime Administration** | | | | | | |
| Port Infrastructure Development | $0 | $0 | $0 | $0 | $0 | $0 |
| *Sub-total Maritime Administration* | *$0* | *$0* | *$0* | *$0* | *$0* | *$0* |
| | | | | | | |
| **National Highway Traffic Safety Administration** | | | | | | |
| Highway Safety Programs | $28,456 | $5,477 | $5,584 | $5,691 | $5,798 | $5,905 |
| National Priority Safety Programs | $24,715 | $4,767 | $4,849 | $4,941 | $5,033 | $5,125 |
| Racial Profiling Data Collection Grants (set-aside of Highway Safety Research and Development) | $1,150 | $575 | $575 | $0 | $0 | $0 |
| *Sub-total National Highway Traffic Safety* | *$54,321* | *$10,819* | *$11,008* | *$10,632* | *$10,831* | *$11,030* |
| | | | | | | |
| **Secretary** | | | | | | |
| Local and Regional Project Assistance (RAISE Program): Rural Grants | $0 | $0 | $0 | $0 | $0 | $0 |
| Local and Regional Project Assistance (RAISE Program): Urbanized Grants | $71,500 | $26,500 | $45,000 | $0 | $0 | $0 |
| National Culvert Removal, Replacement, and Restoration Grants | $0 | $0 | $0 | $0 | $0 | $0 |
| National Infrastructure Project Assistance (Megaprojects) | $0 | $0 | $0 | $0 | $0 | $0 |
| Safe Streets and Roads for All | $42,882 | $42,882 | $0 | $0 | $0 | $0 |
| Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program | $0 | $0 | $0 | $0 | $0 | $0 |
| *Sub-total Secretary* | *$114,382* | *$69,382* | *$45,000* | *$0* | *$0* | *$0* |
| | | | | | | |
| **Total U.S. Department of Transportation** | **$7,026,805** | **$1,451,040** | **$1,457,298** | **$1,347,909** | **$1,372,085** | **$1,398,472** |

Source: Federal Funds Information for States

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**Question:** Can you provide additional information on MDOT's use of COVID-19 federal funding? Are those funds being fully utilized? (Commissioner Thompson)

**Answer:** Since FY 2020, MDOT received more than $1.8 billion in COVID relief funds. This includes funds received directly by MDOT from the federal government, as well as funds allocated to MDOT from Maryland's State and Local Fiscal Recovery Funds. These funds were primarily used to support transit operations. MDOT will fully deplete all available COVID relief funds in FY 2024.

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**Question:** The U.S. Department of Transportation has many great grant opportunities, but it is difficult for local jurisdictions to respond given tight time constraints between when grant opportunities are announced and then applications are due. This is especially true for smaller jurisdictions. Is MDOT providing this feedback to Maryland's Congressional delegation and the U.S. Department of Transportation? (Commissioner Winstead)

**Answer:** The U.S. Department of Transportation recognizes that many jurisdictions eligible for funding under IIJA may not have received federal funds in the past and are likely unfamiliar with the many requirements that are attached to receiving federal funds. To address this, the U.S. Department of Transportation is providing additional resources about what funds are available and what requirements must be met. In May 2022, the U.S. Department of Transportation issued a Guidebook to provide information about various grant programs. The U.S. Department of Transportation also created a DOT Navigator as a resource to help communities understand how to apply for grants and plan for and deliver infrastructure projects and services; a Dashboard for upcoming discretionary grant opportunities; and a project delivery center of excellence.

Most local jurisdictions are more accustomed to coordinating directly with MDOT on projects and priorities and MDOT is committed to working with local jurisdictions to ensure they are aware of and prepared for upcoming grant opportunities. MDOT added information to its website to provide additional resources to Maryland's local jurisdictions and to notify them of upcoming grant opportunities. Since implementation of IIJA, there is now an expected cadence in annual grant programs and a general awareness of which grant applications will be upcoming. MDOT is willing to collaborate with local jurisdictions on grant opportunities that may be upcoming. MDOT continues to work in close partnership with Maryland's Congressional delegation and the U.S. Department of Transportation to keep them informed of grant submissions from Maryland and flag any potential questions or issues.

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**Question:** Can MDOT provide an analysis of transportation expenditures, including the impact of inflation? (Commissioner Scott)

**Answer:** This information will be provided to the Commission at a future meeting.

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**Question:** A survey was conducted by the American Public Transportation Association (APTA) in May about public transit agencies' views on future potential operating budget shortfalls. Can APTA provide the information specific to Maryland? (Commissioner Olugbenle)

**Answer:** APTA does not have the data specific to Maryland and deferred the question to MTA and WMATA. APTA's survey response form was web-based and did not allow MTA or WMATA to save its responses; however, general information about MTA's fiscal cliff is provided below. WMATA also faces a fiscal cliff in FY 2025. Additional information regarding WMATA will be provided to the Commission at a future meeting.

MTA is facing a fiscal cliff in FY 2025. The nation's public transit agencies received unprecedented levels of federal operating assistance over the last several years in response to significant declines in transit ridership and revenue associated with the COVID pandemic. Since FY 2020, MDOT received more than $1.8 billion in COVID relief funds. In addition to federal aid received directly by MTA, the State of Maryland dedicated $500 million of its State and Local Fiscal Recovery Fund to transit operations. In FY 2023, MTA utilized $364 million of these funds to help fund operating activities. In FY 2024, the last remaining funds, $121 million, will be spent. No funds remain to support operations in FY 2025.

MTA's ridership and revenue forecasts currently project a return to pre-COVID levels in FY 2029; however, the revenue and ridership forecast has been revised downward several times. Even with a return to pre-COVID ridership and revenue levels, operating expenses have increased rapidly over the last several years, especially in regard to MTA's workforce and contractually-required inflationary increases. By way of example, MTA's FY 2023 operating budget was originally approved at $978.2 million; however, actual expenses were $1.08 billion, an increase of $100 million, or 10%.

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**Question:** APTA's presentation mentioned New York Metropolitan Transportation Authority and California as structuring innovative funding solutions for transit services in those areas. Can you provide more details about those examples? (Commissioner Olugbenle)

**Answer:** In May, New York reached a budget agreement that provides billions of dollars to the New York Metropolitan Transportation Authority and other State transit agencies through a combination of revenues, funding, cost reduction measures, and fare increases, including:

- increasing the Payroll Mobility Tax for the largest businesses in New York City ($1.1 billion per year);
- dedicating casino licensing fees for three new casinos ($1.5 billion) and annual incremental tax revenue from the casinos;
- providing State and local funding for specific purposes (approx. $1 billion);
- implementing New York Metropolitan Transportation Authority operating efficiencies ($400 million); and
- instituting limited fare increases.

New York estimates that the agreement will address the New York Metropolitan Transportation Authority's operating budget shortfall through 2027. A link to the press release outlining the agreement is available here: NY Budget Agreement Press Release (05.2023).

In June, California also reached a budget agreement that includes additional funding for public transit. The California budget provides $5.1 billion for public transit, including $1.1 billion of new funding for a Zero-Emission Transit Capital formula program. However, it authorizes regions to direct up to 100% of these funds for operating expenses. The overwhelming majority of these funds are derived from cap-and-trade revenues of California's Greenhouse Gas Reduction Fund. The California budget agreement also restores transit capital funding to $4 billion and allows these funds to be used for operating expenses. The budget agreement addresses the immediate Fiscal Cliff in many California communities but there will be more work to do in future years. Attached is a California Transit Association summary outlining the agreement.

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**Question:** We need more specific information about the urban transit systems, the fiscal cliff, and if it is a function of farebox recovery or not. Also, MTA has a backlog of capital needs, and we need more information about that from MDOT. (Commissioner Korman)

**Answer:** MTA operates and maintains $12.6 billion in physical assets to provide transit services across Maryland. Investing in the state of good repair of these assets and system enhancements is critical for MTA to deliver safe, efficient, reliable, equitable, and customer-focused services. In July 2022, MTA issued its second 10-Year Capital Needs Inventory & Prioritization report. The report captures and quantifies unconstrained capital investment needs between 2022 and 2031 that will preserve Maryland's significant investment in transit to date and help MTA meet current and future service demands. It relies on information gathered through MTA's transit asset management program. Between 2022 and 2031, MTA's total capital needs are expected to reach more than $6.3 billion in year of expenditure dollars, including an inflation rate of 3% on all needs. This long-term forecast relies on historic averages to estimate the impact of inflation on costs and does not reflect current rates of inflation that are significantly higher.

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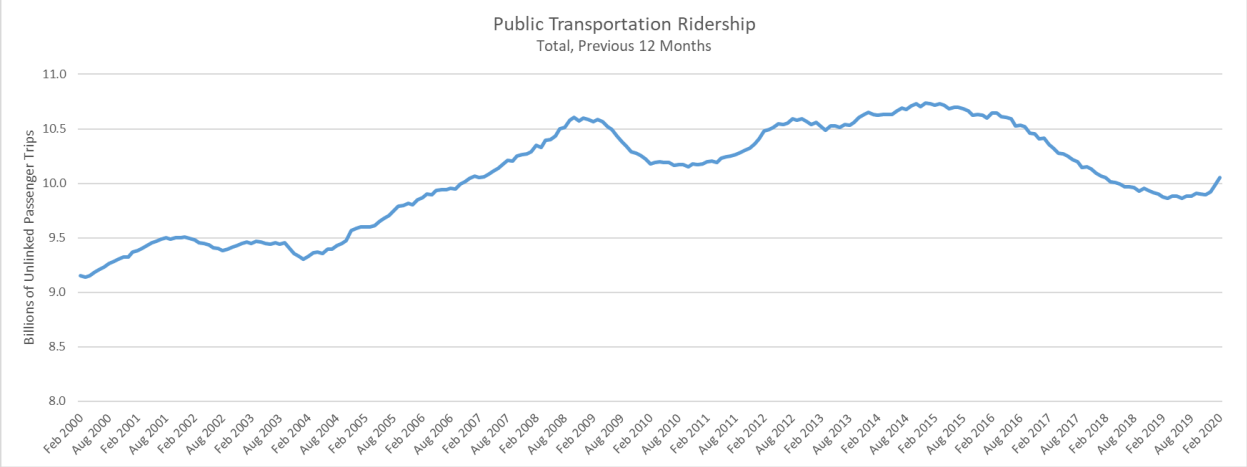
**Question:** To what extent can we get trends pre-COVID and whether COVID changed or accelerated what was already beginning to have an impact on transit service (i.e., working from home)? What are the bigger trends and correlations taking place? (Commissioner Griffith)

**Answer:** The U.S. public transit industry saw sustained growth from early 2004 to late 2008. The increase in popularity of major urban centers across the country in this period had a positive impact on ridership. The Great Recession led to ridership declines. Ridership recovered to set new modern record high levels in 2014 and 2015. A combination of factors in the late 2010s, including increased ride-hailing use, decreased gas prices, and increased transit fare prices led to a period of ridership decline until mid-2019. In late 2019 and January and February 2020, public transportation ridership began to increase again, with ridership recording an 8% increase in January and February 2020, compared to those months the previous year.

For the 20-year period from February 2000 to February 2020, public transit ridership grew 10%, by 900 million annual trips. The lowest 12-month total was 9.14 billion in March 2020 and the highest 10.74 billion in December 2014. The 12 months leading up to February 2020 had 10.05 billion trips.

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**Question:** Does APTA have a forecast of personnel needs? How are transit agencies approaching these challenges? (Commissioner Haines)

**Answer:** In 2022 and 2023, APTA issued two reports on the transit workforce shortage:

Transit Workforce Shortage: Phase 2 Report and Agency Toolkit (March 2023): Public transit providers across North America face a shortage of operators and mechanics, a crisis that has strained budgets and forced agencies to reduce service. APTA's Transit Workforce Shortage Study combines information from a survey of public transit workers and interviews with public transportation agencies to provide insight into ways to address the national shortage of transit workers. The report provides information on actions agencies have taken to address the

workforce shortage, and the toolkit provides step-by-step answers to workforce shortage scenarios agencies are facing every day.

Transit Workforce Shortage: Root Causes, Potential Solutions, and the Road Ahead (October 2022): Public transit providers across North America face a shortage of operators and mechanics, a crisis that has strained budgets and forced agencies to reduce service. This shortage is occurring during a period of economic instability and reshuffling exacerbated by the COVID-19 pandemic. Agencies' ability to respond to the worker shortage has been hampered by inadequate information about its causes and effects. The Transit Workforce Shortage Study builds a framework for APTA, its members, and its partner organizations to better understand the workforce shortage's causes and provides best practices for recruiting, hiring, and retaining transit operations workers.

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**Question:** Specific to Maryland, how does the increase in electric vehicles sales and increased vehicle fuel efficiency affect gas tax revenues? Also, specific to Maryland, what impact has inflation had on MDOT's expenses? (Commissioner Korman)

**Answer:** Information regarding the Maryland-specific impacts of increased electric vehicle ownership, increased fuel efficiency, and inflation will be provided to the Commission at a future meeting.

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**Question:** Where does Maryland rank as a "donor state" versus a "donee state" with respect to federal gas tax revenue? (Commissioner Sakata)

**Answer:** "Donor states" are states whose highway users are estimated to pay more to the highway account of the Highway Trust Fund than they receive. "Donee states" receive more than they pay. There are generally two methods for determining whether a state is a "donor" or a "donee". One method is based on dollars; if the state's highway users are estimated to have paid more into the highway account in a given year than the state's apportionment and allocation of federal highway funding, it would be considered a donor state. The other method considers not dollars but rather shares; if a state's proportion of all revenue flowing into the highway account is less than its proportion of nationwide allocations from the account, then the state would be considered a donor state even if it receives more dollars than its highway users paid.

The comparisons of "donor states" versus "donee states" are typically made utilizing the Federal Highway Administration's annual *Highway Statistics* report. The most recent report available is 2021. Under the first method, the more common method, Maryland would be considered a "donee state" – Maryland's highway users paid $575.9 million in federal gas tax revenue and Maryland received $676.4 million. Under the second method, Maryland is a "donor state", although mildly so since the percentages are nearly equal – 1.51% of all revenues received were from Maryland, yet 1.49% of all allocations were made to Maryland.

It is important to note that the dynamic of this comparison has changed in recent years given shortfalls in the federal Highway Trust Fund. The federal gas tax rate has not increased since 1993 and gas tax revenues are no longer sufficient to cover federal gas tax allocations to states. To address this shortfall, the U.S. Congress utilizes transfers from the General Fund. As a result of these General Fund transfers, the first comparison method, the dollars-in, dollars-out method, results in nearly all states being "donee states". In 2021, only three states – North Carolina, South Carolina, and Utah – received less funding than they contributed, but the ratio of allocations to payments was very high – 0.97, 0.98, and 0.97, respectively.

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**Question:** How does Maryland's obligation of federal funds compare with other states? Also, specific to IIJA, how does Maryland's obligation of federal funds compare with other states? (Commissioner Sakata)

**Answer:** According to the American Road & Transportation Builders Association (ARTBA), they typically do not rank states, but they do track many different market outcomes at the state level. This state-specific data is available on ARTBA's highway dashboard and includes information on every states' obligation of IIJA highway funds, including project-level detail. The attached Excel file has all the project-level data for every state in one place. This data is sourced from the U.S. Treasury.

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**Question:** When thinking about the significant increase in federal funding available to states, and the impact that construction has on congestion, how do we repair roads and bridges while minimizing the impact on traffic? (Commissioner Winstead)

**Answer:** A number of methods can be employed in an attempt to minimize traffic congestion during construction:

- notify the public in advance so they can utilize alternative routes or change travel times;
- utilize accelerated construction methods where possible to reduce construction time;
- limit construction work during peak commuter periods;
- work at night when possible; and
- increase incident management efforts and removal capabilities to reduce the impact and duration of traffic incidents.