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Governor
Aruna Miller
Lieutenant Governor
Paul J. Wiedefeld
Acting Secretary

**J00 Maryland Department of Transportation Overview
FY 2024 Operating Budget
Response to the Department of Legislative Services Budget Analysis**

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Chair Sarah Elfreth
February 2, 2023

House Appropriations Committee
Chair Ben Barnes
February 1, 2023

**J00 MDOT Overview
Fiscal Year 2024 Operating Budget
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DLS Budget Analysis

1. Fiscal 2024 Capital Budget (Page 25)

The Secretary should discuss with the committees the pros and cons of each of these methods and whether the Administration is willing to consider including an unallocated amount in the transportation budget each year to be allocated for legislative priorities.

MDOT Response:

The Maryland Department of Transportation (MDOT) recognizes the critical role that transportation infrastructure has in the lives of all Marylanders. MDOT's current six-year Consolidated Transportation Program (CTP) totals \$20.5 billion and is the largest investment ever in the State's transportation network. In addition, the Governor's budget includes \$500 million to support strategic transportation priorities. As we make this historic investment in the transportation network, it is imperative that we are working in collaboration and partnership with federal, State, and local jurisdictions and – most importantly – the communities we serve.

The 2023 session is the first time that the General Assembly has expanded authority to modify the Governor's budget. It also marks the first year of Governor Moore's commitment to a new type of partnership between the executive and legislative branches. This makes it important that the parties work together on a solution.

State law establishes a comprehensive process for the development of MDOT's capital program that involves many stakeholders and takes approximately one year to complete. The CTP development process involves the submission of county priority letters, consultation with metropolitan planning organizations, the identification of needs from MDOT's business units, a project-based scoring system in accordance with 9 goals and 23 measures established by the legislature, publication of a Draft CTP, and the fall CTP Tour meetings with MDOT and each county and Baltimore City to hear local and public input on the Draft CTP. This process culminates in the submission of the Final CTP to the legislature for consideration.

Care should be taken so that changes made through the legislative process do not override the extensive collaboration and data-driven approach utilized to develop the Final CTP. Additionally, consideration should be given to the complexities of transportation funding, especially the use of federal funds, and its impacts on the availability of funding for the capital program. MDOT looks forward to working with the legislature to establish a process that best meets the needs of all parties.

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DLS Budget Analysis Issues

1. Administration Proposes \$500 Million General Fund Reserve to Support Future Transportation Capital Projects but Overall Transportation Capital Funding Challenges Remain (Page 25)

The department should comment on how it envisions using the general fund reserve and which specific or general categories of projects currently in the CTP are likely candidates for deferred funding to accommodate new priorities.

MDOT Response:

The Governor’s FY 2024 budget sets aside \$500 million as a dedicated reserve to support strategic transportation priorities across the State that align with the State’s economic competitiveness goals. These projects may include east-west transit in Baltimore City, congestion relief and transit enhancement projects in Montgomery and Prince George’s counties, MARC enhancements, and projects that leverage additional federal funding. There is no shortage of transportation needs, opportunities, and challenges and it is critical that these important decisions are made in partnership with our federal, state, local, and community partners. When determining which transportation priorities to invest in, we will examine all projects under three lenses – equity, meaning not only who is building the project but also who is benefitting from it; environmental protection; and community input to ensure that we are providing transportation solutions that connect Marylanders to life’s opportunities.

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DLS Budget Analysis Issues (continued)

2. Maryland Should Actively Participate in Regional Efforts to Develop Alternatives to the Motor Fuel Tax (Page 30)

Budget language expressing this intent and directing MDOT to report on its efforts in this regard are included in the Recommended Actions section of this analysis for consideration.

MDOT Response:

As Maryland pursues the reduction of greenhouse gas emissions from the transportation sector through encouraging more fuel-efficient vehicles and the growth in ownership of electric vehicles, there is a recognition that the by-product of those actions will be a reduction in revenues generated by the motor fuel tax. Motor fuel tax revenues have been a staple of transportation funding for decades and there is growing consensus that a mileage-based user fee is the future of transportation funding as the viability of the motor fuel tax declines over time.

Over the last several years, MDOT has participated in the activities of the Eastern Transportation Coalition, including its efforts regarding mileage-based user fees (MBUF). In FY 2021, then-Secretary Greg Slater was the Chair of the Coalition's Executive Board and MDOT continues to participate in the Coalition's Steering Committee. Most recently, in December, three members of MDOT, including Motor Vehicle Administrator Chrissy Nizer, participated in a peer exchange to hear lessons learned from the three active MBUF programs (Oregon, Utah, and Virginia). At the national level, the Infrastructure Investment and Jobs Act directs the U.S. Department of Transportation to establish a national per-mile road usage fee pilot program and to continue to support state pilot programs.

Maryland is committed to participating in the Coalition's MBUF efforts. Since FY 2018, the Coalition has completed the first three phases of exploratory work regarding the potential for implementation of a MBUF fee. Phase 4 work is currently underway and includes conducting pilots for personal vehicle drivers in North Carolina and New Jersey; testing additional mileage reporting options; testing concepts for a clearinghouse for collection; and expanding the truck pilot program to address fleet diversity, rate-setting based on weight, and cross-border travel. Phase 5 work will begin this year and will include Maryland as the Coalition starts to think about moving from focusing on feasibility and now looking at implementation. Despite this important work that has already been done, the transition to MBUF is still many years away as the complexities of implementation need to be determined. Regional efforts like those of the Coalition are critical, especially for the East Coast, where states are smaller in size and travel may often take a driver through several states, making interstate cooperation critical.

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DLS Budget Analysis Issues (continued)

3. Op Lanes Maryland Managed Toll Lanes Status (Page 31)

MDOT should update the committees about any known policy decisions on how or whether this project will proceed.

MDOT Response:

This project will be viewed under the same lenses of social equity, environmental protection, and local participation as all transportation projects. MDOT will continue to work with its partner, Accelerate Maryland Partners, toward a solution for congestion in the Washington suburbs along portions of I-495 and I-270, as well as addressing the maintenance and safety of the American Legion Bridge, in a way that meets the needs of Marylanders.

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Operating Budget Recommended Actions

- 1. Add annual language requiring notification of changes to the capital program. (Page 32)**

MDOT Response:

The Department concurs with the DLS recommendation.

- 2. Add annual language establishing a position cap. (Page 33)**

MDOT Response:

The Department respectfully requests an increase of 50 positions in the position cap. MDOT is actively working with local high schools, technical schools, community colleges, four-year colleges, and other career development organizations on two apprenticeship programs, as well as other strategies to address hard-to-fill skilled trades jobs and attract younger candidates to State service. During the 2022 legislative session, the legislature granted MDOT an increase of 50 positions in the position cap to accommodate future growth of these apprenticeship programs. Although these new positions have not yet been created, MDOT is still actively working toward this goal and would like to continue this flexibility into FY 2024.

- 3. Add language stating the legislature’s intent that the department be an active participant in regional efforts to develop a mileage-based user fee and withholding funds until a report is submitted. (Page 34)**

MDOT Response:

The Department concurs with the importance of active participation in regional efforts regarding mileage-based user fees; however, the Department does not feel that a restriction of funding is necessary given that it has already started these efforts.