

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 520 (Delegate Grammer)
 Environment and Transportation

Transportation - Francis Scott Key Bridge - Toll Discount Plan

This bill requires the Maryland Transportation Authority (MDTA) to offer a toll discount plan that allows for unlimited crossings of the Francis Scott Key Bridge for an annual fee of \$100.

Fiscal Summary

State Effect: Under one set of assumptions, nonbudgeted revenues to MDTA decrease by at least \$6.6 million in FY 2021 and by at least \$8.8 million annually thereafter. MDTA nonbudgeted expenditures increase by \$100,000 in FY 2021 only for one-time programming costs.

(\$ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
NonBud Rev.	(\$6.6)	(\$8.8)	(\$8.8)	(\$8.8)	(\$8.8)
NonBud Exp.	\$0.1	\$0	\$0	\$0	\$0
Net Effect	(\$6.7)	(\$8.8)	(\$8.8)	(\$8.8)	(\$8.8)

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

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Since 1971, MDTA has been responsible for constructing, managing, operating, and improving the State’s toll facilities (for example, the Chesapeake Bay Bridge and Francis Scott Key Bridge) and for financing new revenue-producing

transportation projects. MDTA is governed by nine individuals appointed by the Governor with the advice and consent of the Senate.

MDTA has the authority to set tolls on transportation facilities projects under its supervision. Tolls must provide funds that, when combined with bond proceeds and other available revenues, are sufficient to pay maintenance, repair, and operating costs for transportation facilities projects that are not otherwise paid for; pay the interest and principal of any outstanding bond issues; create reasonable reserves for these purposes; and provide funds for the cost of replacements, renewals, and improvements. Toll revenues are deposited into the Transportation Authority Fund, which is wholly separate from the Transportation Trust Fund.

Background: MDTA generally has four different levels of toll rates charged at its various toll plazas for two-axle vehicles. There is a cash rate, a video rate, an E-ZPass rate, and a commuter plan rate (which allows users to prepurchase a limited number of tolls at a discounted rate). The toll rates for a two-axle vehicle at the [Francis Scott Key Bridge](#) (as well as the Harbor Tunnel and the Fort McHenry Tunnel) are as follows:

- \$3.00 for E-ZPass;
- \$4.00 for nonE-ZPass (generally cash);
- \$6.00 for video; and
- \$1.40 for the commuter plan (which is \$70 for 50 trips that must be used within 45 days).

All of MDTA's toll facilities generally use a similar toll structure (although the toll amount may vary); however, MDTA also offers E-ZPass users unlimited trips across the Thomas J. Hatem Memorial Bridge for \$20 per year.

State Revenues: The bill decreases toll revenues for MDTA in two ways: (1) existing Francis Scott Key Bridge commuters and other Key Bridge users purchase the bill's annual unlimited use plan; and (2) some users of the Baltimore Harbor and Fort McHenry tunnels begin to use the Francis Scott Key Bridge with the annual unlimited use plan instead of the tunnels. The actual loss in toll revenues depends on the total number of drivers who choose to purchase the annual unlimited use plan, which cannot be reliably estimated.

Due to the potential cost savings to drivers, it is expected that many existing bridge and tunnel commuters will choose to purchase the annual unlimited use plan. For example, a driver who crosses the bridge 400 times annually (assuming 200 work days, both ways over the bridge) using MDTA's existing commuter plan pays \$560 annually; purchasing the bill's annual unlimited use plan saves that driver \$460 annually.

Under one set of assumptions, nonbudgeted revenues for MDTA decrease by approximately \$6.6 million in fiscal 2021 (due to the bill's October 1, 2020 effective date) and by \$8.8 million annually thereafter. This estimate is based on Francis Scott Key Bridge data provided by MDTA and assumes that:

- 27,000 E-ZPass users and 15,500 commuter plan users purchase the annual unlimited use plan offered under the bill instead; and
- those users account for about 2.1 million E-ZPass transactions and 4.8 million commuter plan transactions each year.

Moreover, this estimate only includes *current* users of the Francis Scott Key Bridge and does not include any tunnel users that are likely to start using the bridge as a result of the bill. MDTA advises that the annual revenue loss could be as high as \$26.9 million annually depending on how many tunnel users choose to purchase an annual unlimited use plan and begin to use the bridge instead.

State Expenditures: In order to implement the bill's annual unlimited use plan, changes need to be made to MDTA's third-generation electronic tolling system, which is currently under development. Accordingly, nonbudgeted expenditures increase by \$100,000 in fiscal 2021 only for reprogramming costs.

Small Business Effect: Small businesses benefit to the extent that they regularly use the Francis Scott Key Bridge and choose to purchase the annual unlimited use plan established by the bill.

Additional Information

Prior Introductions: HB 1332 of 2018, a similar bill, received an unfavorable report from the House Environment and Transportation Committee.

Designated Cross File: None.

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

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mr/lgc

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