

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 198 (Chair, Budget and Taxation Committee)(By Request - Departmental - Transportation)

Budget and Taxation

Transportation - Consolidated Transportation Program - Prioritization
(Transportation Investment Priorities Act of 2025)

This departmental bill makes various changes to the Maryland Department of Transportation’s (MDOT) prioritization and evaluation processes for transportation project planning and funding. Among other things, the bill modifies (1) the project-based scoring system used to evaluate transportation projects; (2) the information required to be included in the *Consolidated Transportation Program (CTP)* and the Maryland Transportation Plan (MTP); and (3) the processes used to request that projects be included in the CTP. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: Federal fund expenditures (which flow through the Transportation Trust Fund (TTF) and are reflected as such in the table below) increase by \$1.2 million in FY 2026 and by \$200,000 annually from FY 2027 through 2030. Beginning in FY 2031, ongoing costs are borne by TTF, as discussed below. The bill does not otherwise directly affect State expenditures but may result in a different combination of transportation projects and programs receiving funding in any given year, as discussed below. Revenues are not affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	1,200,000	200,000	200,000	200,000	200,000
Net Effect	(\$1,200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)

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

Local Effect: Local government operations and finances may be affected, as discussed below.

Small Business Effect: MDOT has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary/Current Law: Pursuant to current law, long-term transportation planning in the State is a collaborative process designed to consider input from the public, local jurisdictions, Metropolitan Planning Organizations (MPOs), and elected officials. Among the numerous reports, meetings, and discussions that take place, two important documents are developed to guide transportation planning in the State: the [CTP](#) and the [MTP](#).

The CTP, which is issued annually to the General Assembly, local elected officials, and interested citizens, provides a description of projects proposed by MDOT for development and evaluation or construction over the next 6-year period. Additionally, MDOT must use a project-based scoring system to evaluate projects for inclusion in the CTP. The MTP is a 20-year forecast of State transportation needs based on MDOT's anticipated financial resources during that 20-year period. It must be revised every 5 years through an inclusive public participation process. Furthermore, it must be expressed in terms of goals and measures specified in State law and must include a summary of the types of projects and programs that are proposed to accomplish the goals and measures, using a multimodal approach when feasible.

The following sections discuss the various requirements and processes that guide and direct long-term transportation planning and prioritization in the State and the changes to those requirements and processes made by the bill.

Relevant Definitions

Current law includes various definitions related to transportation planning and the types of transportation projects that are considered for funding. The bill modifies these definitions by:

- establishing a definition for “capacity enhancing project,” which means any project that modifies the transportation system to improve the ability of the system to move people and goods;
- changing various references from “major transportation projects” to “major *surface* transportation projects,” and modifying the definition in various ways (generally, under the bill, these are projects whose total cost for all phases exceeds \$5.0 million and meet other specified requirements);

- establishing a definition for “small surface transportation project” (generally under the bill, these are projects whose total cost for all phases is less than or equal to \$5.0 million and meet other specified requirements);
- establishing a definition for “locally managed capital project,” which means a capital project performed by a political subdivision in a right-of-way controlled by the State Highway Administration (SHA) or the Maryland Transit Administration (MTA);
- specifying that “proposing entity” includes a transit agency;
- including in the definition of “significant change” any change that affects the size or character of a project to the extent the change (1) affects MDOT’s ability to deliver the project on time and on budget or (2) alters the scope of the project;
- repealing from the definition of “significant change” any change that affects the size or character of a project to the extent that the change substantially modifies the cost of the project;
- defining “state of good repair” to mean a project eligible under the transit or highway state of good repair programs; and
- defining “transit agency” as MTA, Washington Metropolitan Area Transit Authority, or an agency that operates a locally operated transit system.

Project-Based Scoring System

MDOT was required by Chapter 36 of 2016, as modified by Chapter 30 of 2017, to develop a project-based scoring system using the State transportation goals, and specified measures for each goal, in accordance with federal transportation requirements. Under current law, major transportation projects being considered for inclusion in the draft and final CTP must be evaluated using this scoring system. Pursuant to current law, MDOT must also (1) develop weighting metrics for each goal and measure; (2) make the scores of all projects evaluated for inclusion in the CTP and assigned a score under the system available to the public, as specified; and (3) rank major transportation projects using the system it develops. The bill modifies the project-based scoring system and the State transportation goals by:

- repealing several of the existing requirements and processes related to the project-based scoring system;
- requiring MDOT to develop, in consultation with the applicable MPOs and for the Maryland Transportation Commission’s (MTC) review, a project-based scoring system that (1) is consistent with statute, as modified by the bill; (2) is developed in accordance with federal transportation requirements; and (3) evaluates major surface transportation projects using objective and quantifiable measures for the goals established pursuant to the bill that consider the benefits of a project relative to its costs to the State;

- requiring MDOT to publish the guidelines used to develop the system, as specified, and review and update the guidelines in coordination with MTC at least every two years, as necessary;
- requiring MDOT to identify the amount of funds available for each two-year funding cycle after specified needs have been considered;
- requiring MDOT, at least every two years, to solicit requests from MDOT, local jurisdictions, and appropriate MPOs for major surface transportation projects to be evaluated;
- requiring each requester to certify that all members of the legislative delegation of the Maryland General Assembly that represents the county in which the project is located have been notified of the request;
- replacing the existing list of State transportation goals with a requirement for MDOT to evaluate major surface transportation projects based on the following policy goals: (1) safety; (2) accessibility and mobility; (3) climate change and the environment; (4) social equity; (5) economic development; and (6) land use and transportation demand management;
- repealing the list of measures used by MDOT to evaluate how a project meets each State transportation goal;
- requiring the score of each project to be based solely on the benefits of the project toward the goals and measures (as modified by the bill) relative to a project's cost to the State;
- specifying that MDOT must make the scores of all projects evaluated and the list of all projects recommended for inclusion in the CTP available to the public by August 15 of each even-numbered fiscal year, as specified;
- specifying that any recommendations made by MDOT are modifiable only if reviewed by MTC, as specified;
- requiring MDOT, on the completion of a round of project evaluations, to undertake a review of the project-based scoring system and related guidelines to determine whether modifications are necessary, and if so, to present the recommended modifications to MTC for review;
- requiring SHA and MTA to annually evaluate small surface transportation projects using a specified methodology, publish the results, and select projects based on the results; and
- specifying that a major surface transportation project may be included in the CTP for construction only if it has been evaluated using the project-based scoring system as modified by the bill.

Information Required to Be Included in the Consolidated Transportation Program

Current law requires the CTP to be revised annually and include specified information about the various transportation projects included in the document. The bill makes the following changes to the information that must be included in the CTP:

- instead of including the manner in which each major transportation project was evaluated and ranked, only the results of the evaluation of major surface transportation projects selected for funding must be included;
- the expanded descriptions of major capital projects must include specified information about the project, including, among other things, a purpose and need summary statement, the scope of work and schedule anticipated for the project; and the estimated cost by phase of the project;
- instead of a list of *anticipated* minor capital projects for the current year and the budget request year and an estimate of the program level for each of the four successive planning years, *all identified* minor capital projects must be included, as specified;
- the requirement to include, for each major capital project, an indication whether the revenue source anticipated to support that project consists of federal, special, general, or other funds is repealed; and
- MDOT's estimates of the levels and sources of revenues used to fund projects in the CTP must include available toll credits.

Requests for Inclusion in the Consolidated Transportation Program

Under current law, for a major capital project to be considered for inclusion in the construction program of the CTP, a request must be submitted to the Secretary by the proposing entity along with a purpose and need summary statement justifying the project and including specified information about the project. MDOT must then evaluate requests based on the State transportation goals and, if applicable, using the measures described above as determined by the information submitted by the proposing entity and the availability of funding. As part of the evaluation, MDOT must acknowledge the difference between urban and rural transportation needs.

The bill repeals this process and instead specifies that MDOT must consider requests for projects for its Development and Evaluation Program, state of good repair programs, and the Prioritization Program. As part of its consideration of projects requested, MDOT must (1) establish and publish clear guidelines for a proposing entity to make a request for each program, as specified; (2) establish a web-based system for submission of projects to be considered for inclusion in the CTP; and (3) provide responses to each request received for the Prioritization Program, as specified.

Information Required to Be Included in the Maryland Transportation Plan

Current law requires the MTP to be revised every five years through an inclusive public participation process and include specified information about the various plans and transportation projects discussed in the document. The bill modifies the information that must be included in the MTP by:

- requiring the MTP to include (1) a 10-year forecast of State transportation needs (in addition to the existing 20-year forecast) and (2) state of good repair and capacity expansion needs;
- requiring the MTP to always include a summary of the types of projects and programs used to accomplish the State transportation goals using a multi-modal approach; and
- requiring MDOT to establish performance measures for the implementation of the MTP as part of its development.

Reporting Requirements

Under current law, by November 15 of each year, MDOT must visit each county to give local governments and local legislative delegations information about and an opportunity to comment on the proposed CTP and the proposed MTP. The bill modifies this requirement by also requiring MDOT to provide those entities an opportunity to comment on (1) transportation performance, but only in plan development years; (2) the results of the State's project-based scoring system, in even numbered fiscal years; and (3) the methodology and program comments related to the project-based scoring system and local priorities for transportation state of good repair, asset management, and development and evaluation initiatives, in odd-numbered fiscal years.

Under current law, MDOT must submit an annual report on the attainment of State transportation goals and benchmarks for the approved and proposed MTP and CTP to the Governor and the General Assembly. The bill makes numerous technical changes to the information that must be included in the report. Generally, the changes require MDOT to focus on progress toward targets, in addition to or instead of indicators and benchmarks.

Advisory Committee

Current law requires an advisory committee, primarily appointed by the Governor, to advise MDOT on the State transportation goals, benchmarks, and indicators used by MDOT. The bill specifies that this advisory committee must also advise MDOT on the MTP and the targets discussed above.

Priority Funding Areas

Under current law, MDOT is authorized to (1) conduct its analysis of planned transportation investments in priority funding areas on a statewide basis or in groupings of priority funding areas centered on regions, metropolitan areas, cities, or other groupings suitable for transportation modeling and (2) choose to exclude from its analysis priority funding areas which have an insignificant role in transportation trends because of small size, population, or physical isolation. The bill repeals this authority.

Maryland Transportation Commission

Established in 1971, MTC is comprised of 17 members: 10 members appointed by the Governor with the advice of the Secretary of Transportation and the 7 regional members of the State Roads Commission (SRC) who serve as *ex officio* members. MTC meets monthly; a summary of its meetings and activities can be found on [MDOT's website](#).

Under current law, MTC must study the entire transportation system of the State and regularly discuss with the Secretary any matter relating to the State's transportation system. Each of the seven regional members of SRC must (1) conduct a continuing survey of the secondary highways in that member's region and (2) report on the highway needs and problems of that region to MTC. MTC may request of the Secretary any information relating to MDOT that is needed for MTC's studies, surveys, and deliberations. MTC must advise and make recommendations to the Secretary and the heads of the units in MDOT on all matters that concern transportation policy formation and program execution.

The bill modifies the membership of MTC and expands the powers and duties of the commission to include (1) reviewing, advising, and making recommendations to the Secretary on MDOT's quarterly operating and capital budget updates; (2) reviewing and making recommendations on a policy to implement the project-based scoring system, as modified by the bill; and (3) reviewing and making recommendations concerning the MTP. The bill also (1) requires MTC to meet at least quarterly (instead of at least monthly) and (2) makes changes to the duties of specified committee members to conform to the bill's changes to the commission membership.

Maryland Transit Administration

Under current law, at least every three years, MTA must assess its ongoing, unconstrained capital needs and, in doing so, (1) compile and prioritize capital needs without regard to cost; (2) identify the backlog of repairs and replacements needed to achieve a state of good repair for all its assets, including a separate analysis of these needs over the following 10 years; and (3) identify the needs to be met in order to enhance service and achieve system performance goals.

The bill requires MTA, in undertaking the assessment, to develop asset management practices in the operation and maintenance of State transit assets consistent with specified federal law. In addition, the bill requires MTA, on an annual basis, to prioritize capital needs based on the allocation available for transit state of good repair.

State Highway Administration

Under current law, the stated purpose of the provisions related to funding made available to the State from federal highway programs is to assist the national recovery and promote the general welfare by enabling the State and its political subdivisions to provide matching funds for and secure the benefits of any federal funds available under the federal acts for the construction and reconstruction of State highways and county roads and for related State or local projects. The bill modifies this stated purpose.

Further, the bill requires SHA to:

- develop asset management practices in the operation and maintenance of the systems of State highways, as specified, and ensure the work complies with any applicable federal requirements for the condition of the National Highway System;
- establish performance targets for the condition of pavements and bridges on State highways covering a period of at least 20 years, by January 1, 2026;
- establish performance targets for the condition of other key assets covering an appropriate time frame for the assets, by January 1, 2030; and
- undertake a comprehensive review of the current and future conditions of pavements, bridges, and other key assets on State highways every four years, as specified.

The bill also establishes a Highway State of Good Repair Program within MDOT to improve the condition of pavements, bridges, and other key assets on State highways to achieve and, as appropriate, maintain the sustainable condition targets established by SHA pursuant to the bill. The bill specifies eligibility criteria for projects to be included in the program and requires MDOT to provide funding for the program, subject to appropriation and availability. SHA must develop a priority ranking system, as specified, and funds in the program must be allocated based on that system.

Background: MDOT advises that the bill is in response to recommendations by the Transportation Revenue and Infrastructure Needs Commission related to the adoption of a new transportation project prioritization system. The commission was established by Chapter 455 of 2023 to review, evaluate, and make recommendations concerning specified transportation issues, including, among other things, existing practices for prioritizing project funding and options to better prioritize needs, including local and legislative

priorities. In its [interim report](#), the commission made three recommendations for improving the processes used by MDOT to prioritize transportation projects.

MDOT advises that the changes to the prioritization system effectuated by the bill seek to build more trust in MDOT and help local jurisdictions better understand the opportunities for transportation funding. Under the bill, MDOT plans to fully fund prioritized projects to help ensure that more projects are completed on-time and under-budget.

State Expenditures: MDOT advises that in calendar 2024, it was awarded a \$2.0 million grant through the Federal Highway Administration’s Prioritization Process Pilot Program. The purpose of the federal pilot program is to provide grant funding to states and MPOs to develop and implement a publicly accessible, transparent prioritization process for the ranking and selection of projects for inclusion in short-range and long-range transportation plans.

MDOT plans to use this federal grant funding, which flows through TTF and is available through fiscal 2030, to engage expert consultants to implement the bill’s changes at an estimated cost of \$1.2 million in fiscal 2026 and \$200,000 annually from fiscal 2027 through 2030. Beginning in fiscal 2031, when federal funding has been exhausted, the ongoing costs of \$200,000 annually will be borne by TTF.

The bill does not otherwise directly affect State expenditures; however, the new prioritization process and project-based scoring system effectuated by the bill may result in a different combination of transportation projects and programs receiving funding. Some projects and programs that may have received funding under current law may receive less or no funding under the bill’s changes, while others may receive more funding. However, any such impact cannot be estimated without actual experience under the bill.

Local Fiscal Effect: State-funded transportation projects and programs affect local governments both directly, often through direct grant programs, and indirectly, as the State undertakes projects that may improve the transportation system of a local jurisdiction (*e.g.*, a road project improving traffic flow in the neighboring areas). As noted above, once the new prioritization process and project-based scoring system is fully implemented, some transportation projects and programs may receive less funding, while others may receive more funding.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 20 (Chair, Appropriations Committee)(By Request - Departmental - Transportation) - Appropriations and Environment and Transportation.

Information Source(s): Maryland Department of Transportation; Governor's Office; Maryland Association of Counties; Harford and Wicomico counties; Maryland Municipal League; City of College Park; Federal Highway Administration; Department of Legislative Services

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km/lgc

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Transportation - Consolidated Transportation Program -
Prioritization (Transportation Investment Priorities Act of 2025)

BILL NUMBER: SB 198

PREPARED BY: Maryland Department of Transportation

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

N/A