SIERRA CLUB

P.O. Box 278
Riverdale, MD 20738

Committee: Public Safety, Transportation, and Environment Subcommittee- (Budget and Taxation Committee)
Testimony on: Maryland Department of Transportation Overview- J00
Hearing Date: February 1, 2024

The Maryland Chapter of the Sierra Club encourages the Maryland Department of Transportation (MDOT) and General Assembly to re-evaluate the FY 2024-FY 2029 Consolidated Transportation Program and pass a budget that reflects the state's goals to improve mobility, advance equity, and cut climate pollution 60% by 2031.

While the recent $150 million infusion from the Rainy Day Fund for transportation needs in FY 2025 is a step in the right direction, the FY 2025 budget will still result in cuts to public transit service and vehicle electrification programs. Additionally, transportation planning for capital projects must happen many years in advance. It is important that MDOT apply adequate planning, engineering, and construction funds for projects beyond this fiscal year. The Maryland Department of Transportation's Climate Pollution Reduction Plan indicated that public transit and vehicle electrification programs were critical to meeting the state's climate targets. Additionally, the Department set a goal to reduce per-capita Vehicle Miles Traveled 10% by 2030 and 20% by 2050. To meet these targets and improve mobility for everyone, we need to be expanding and investing in these programs, not scaling them back. Moreover, we are concerned that Maryland does not have adequate processes and revenue sources in place to best prioritize transportation dollars and raise revenue for critical priorities.

Below we have outlined key priorities we would encourage you to focus on, prioritization strategies, and potential revenue sources.

Key Priorities

We urge the Budget and Taxation Committee to prioritize critical funding needs for our current transit systems across the state in FY 2024-FY 2029. As an absolute baseline, we urge the Committee and MDOT to make sure that our existing core transit systems can operate safely and reliably without service cuts that would adversely impact transit riders. Cuts to existing service result in less ridership, a criterion that the Federal Transit Administration (FTA) considers when evaluating grant proposals. This may adversely impact MDOT's application for new projects like the Red Line. We urge the Committee and MDOT to apply all provisions of the Equity of the Transportation Sector Law to any service changes reflected in the budget, including the sections of that law that are not required until July 1, 2024.

Provide State of Good Repair Funding for MTA: Fully fund MTA's deferred maintenance backlog in FY 2024-FY 2029 according to the Transit Safety & Investment Act. MTA reported a Capital Needs Inventory in 2021 indicating that the system has a State of Good Repair backlog of $1.8 billion. The Transit Safety & Investment Act was passed into law to help fund the backlog so the transit system didn't fall into a state of disrepair. While MDOT restored $15 million in funding needed to meet the critical State of Good Repair Needs required by the Act for FY 2025, these cuts are still proposed for FY 2026 and beyond. The December Baltimore light rail shutdown underscores the urgency of addressing this backlog. If this maintenance backlog is further neglected, it will result in transit riders facing even greater challenges accessing jobs, education, healthcare, and recreation.

Close WMATA's Operating Budget Gap: Provide funding to help close WMATA's $650 operating budget gap in FY 2025 and beyond. Maryland should provide adequate funding to prevent cuts in service, steep fare hikes, and job loss. We are glad to see that Maryland is providing $150 million in FY 2025 and FY 2026 and $250 million in FY 2027 and beyond. However, Maryland should work with D.C. and Virginia to make every endeavor to fully close the gap. Right now, if Maryland provided approximately an additional $67 million in FY 2025 it would cover Maryland's $217 million portion of the $650 million gap. Maryland should work with D.C. and Virginia to identify a new cross-jurisdictional dedicated funding source for WMATA to ensure that our regional transit needs have adequate funding in the long term, rather than facing regular budgetary crises.

Sustain funding for the Locally Operated Transit Systems (LOTS): MDOT originally proposed a 40% cut to Locally Operated Transit Systems in its December CTP Budget Overview. The Locally Operated Transit systems provide critical transit service to urban, suburban, and rural districts across the state. While $26 million of this funding cut was restored in FY 2025, we encourage MDOT to ensure there are no cuts to the LOTs in FYs 2026-2029.

Construction Funding for the Red Line: One of the Moore Administration's priorities is to build the Red Line. The Red Line would provide key connectivity to underserved communities in East and West Baltimore. While the FY 2024-FY2029 budget provides funding for design and engineering, it does not provide an indication of funds available for construction of the project. The capital cost for the Red Line is estimated at $1.9 to $7.2 billion based on a range of alternatives presented in the preliminary analysis MTA released in the Fall 2023. The State should begin budgeting for its expected share of the cost that will be needed in addition to any funds awarded through the Capital Investments Grant Program.

Additional programs: While MDOT restored the $8 million it cut for the MARC Brunswick line operations in FY 2025, cuts to the MARC Brunswick line are still being proposed in FY 2026 and beyond and should be restored. The budget should also minimize cuts in FYs 2026-2029 for the procurement of electric buses by MTA. The final CTP would cut funding for electric bus procurement by approximately $245 million. Electric buses play an important role in improving air quality and health outcomes for transit riders, transit workers, and surrounding communities.

MDOT should also fund other key public transit, active transportation, smart growth, and vehicle electrification strategies identified in the Climate Partners' recommendations on Maryland's Climate Plan, many of which were included in the Climate Pollution Reduction Plan.

Prioritization

We encourage the Budget and Taxation Committee to implement the following practices to better align spending in the transportation budget with the State's priorities:

Create a new prioritization system in the CTP modeled after Virginia's Smart Scale Program. We suggest that Maryland develop a new prioritization process similar to Virginia's SMART Scale program to identify projects to include and fund in the CTP that are aligned with the state's climate, mobility, safety, and equity goals. Similar to Virginia's SMART Scale prioritization system, MDOT should ensure that:

- Statewide priorities are set and attached to funding decisions.
- Projects identified through MDOT's new prioritization system are recognized in out-year budgets so that the expected planning, engineering, and construction costs of those projects can truly be prioritized.
- Scores for projects are calculated and weighted based on the area-type where the project is located, to account for the different needs of big and mid-sized cities and counties, small counties, and rural areas.

Assess and mitigate increases in climate pollution and vehicle traffic. MDOT should assess how highway capacity expansion projects would increase climate pollution and vehicle traffic before it starts programming dollars for these expensive projects in the CTP. MDOT and the Metropolitan Planning Organizations should account for greenhouse gas emissions and Vehicle Miles Traveled (VMT) in all proposed road and highway expansion projects and ensure they comply with the goals of the Climate Solutions Now Act and the state's goals to reduce VMT. Projects that wouldn't comply with these goals or result in increases in greenhouse gas emissions and VMT should either be halted, altered, or mitigated to offset these increases. Maryland should consider policies such as these that are modeled after Minnesota and Colorado and will help incorporate the state's goals into MDOT's planning and budget system. (Legislation is being proposed in the House and Senate this year to initiate such policies.) In addition, this approach will help comply with the Federal Highway Administration's new greenhouse gas performance standard, which was finalized on November 22, 2023.

Transfer federal funding from highways to transit, bike, and pedestrian projects- Two of the largest sources of transportation funding that the federal government automatically allocates to MDOT each year are the Surface Transportation Block Grant (STBG) and the National Highway Performance Program (NHPP). The Infrastructure Investment and Jobs Act (also known as the Bipartisan Infrastructure Law) passed by Congress in 2021 increases the amount that Maryland receives each year for these block grant programs. The guidance from the federal government[1] on the Surface Transportation Block Grant (STBG) funds indicates that a state may transfer up to 50% of the funds to programs that support transit, biking, and pedestrian infrastructure. In FY 2022, Maryland received approximately $203 million from the STBG and $418 million from the National Highway Performance Program (NHPP). MDOT should consider flexing 50% of the STBG and NHPP funds to eligible bike, transit, pedestrian, and vehicle electrification projects that will help the state meet its climate and equity goals.

Cut funding for major and minor highway expansion projects. We encourage MDOT to consider eliminating or reducing funding for all major and minor highway expansion projects not currently under construction, including the I-495 and I-270 expansion project. We should focus our highway network first on the State of Good repair Needs that are needed to maintain our existing systems. While

[1] https://www.fhwa.dot.gov/bipartisan-infrastructure-law/stbg.cfm

the final CTP removes construction funding for capital expansion projects that had not been advertised for construction before the start of the year, the final CTP indicates there is $742 million in system expansion for major capital projects and $338 million for minor capacity projects in the State Highway Administration. MDOT should re-evaluate funding for the design, engineering, and new construction of projects or the portion of projects in this category that would expand highway capacity for vehicles through widening lanes (excluding dedicated bus lanes) or providing grade separation.

Revenue Sources

We encourage the state to consider a full suite of revenue sources that are needed to build a 21st century transportation system that improves mobility for all while mitigating pollution that fuels the climate crisis. Below are some recommendations:

- **EV Registration Fees**: While the rise in EVs has had a very limited effect to date on declining transportation revenue collection—which is largely caused by the improved fuel economy of gas-powered vehicles—we are supportive of funding solutions that include EVs. Maryland Sierra Club would support the General Assembly requiring a fee for EV drivers if it is set as a non-punitive annual EV registration fee that is intended to be an equitable analog to the gas tax. We suggest that this fee be based on the imputed fuel economy of each EV (as calculated by EPA) and calibrated to be equivalent to what that vehicle would pay in gas taxes if it drove an average number of miles. We believe the MVA should be authorized to explore different fee amounts for low-income individuals and recommend there be an option for motorists to pay this fee in installments throughout the year. We also encourage that a portion of any revenue collected from annual registration fees on EVs be dedicated to building out public charging infrastructure to improve the EV driving experience in Maryland. This approach ensures that impact of vehicle miles per gallon equivalent (size and vehicle efficiency) are taken into account, as these also impact road wear and tear, and safety.

  In addition, MDOT has estimated that a $10 increase in all vehicle registration fees would generate approximately **$45 million in annual revenue**. We encourage the Budget and Taxation committee to consider this option as a revenue source.

- **Toll rate adjustments.** We support the recommendation of the Commission on Transportation Revenue and Infrastructure Needs (TRAIN) to adjust toll rates to raise revenue. We strongly encourage that any adjustments in toll rates be earmarked for public transportation, cycling, pedestrian infrastructure, and transit-oriented development so that these adjustments can effectively reduce congestion while improving mobility options for Marylanders. In addition, these adjusted toll rates should be applied on our existing highways, bridges, and tunnels. The interim report of the Commission noted that the Department of Legislative Services found that a toll increase of $0.50 for all vehicles would yield **$81.4 million in additional revenue to MDTA.**

We urge the Budget and Taxation Committee to work to identify ways to pass a balanced budget that reduces climate pollution, improves public health, improves mobility, and invests in historically underserved communities.

Josh Tulkin
Chapter Director
lindsey.mendelson@mdsierra.org

Jane-Lyons Raeder
Transportation Chair
janeplyons@gmail.com

Lindsey Mendelson
Transportation Representative
lindsey.mendelson@mdsierra.org