

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 517

(Delegate Korman, *et al.*)Environment and Transportation and
Appropriations

Budget and Taxation and Finance

Workgroup on the Reorganization of the Maryland Transit Administration

This bill establishes the Workgroup on the Reorganization of the Maryland Transit Administration (MTA) to (1) study the potential for reorganizing the Maryland Department of Transportation (MDOT) and MTA and (2) make related recommendations. The Department of Legislative Services (DLS) and MDOT must provide staff for the workgroup. By December 1, 2026, the workgroup must report its findings and recommendations to the Governor and the General Assembly, and MDOT must, in consultation with DLS, submit to the Speaker of the House and the President of the Senate draft legislation to effectuate the workgroup's recommendations. The bill also expresses the intent of the General Assembly that the fiscal 2027 budget for the Office of the Secretary of Transportation include an appropriation of \$150,000 for consulting services to support the efforts of the workgroup. **The bill takes effect July 1, 2025, and terminates June 30, 2027.**

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by an estimated \$324,000 in both FY 2026 and 2027, 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	324,000	324,000	0	0	0
Net Effect	(\$324,000)	(\$324,000)	\$0	\$0	\$0

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

Local Effect: The bill does not directly affect local government operations and finances.

Small Business Effect: None.

Analysis

Bill Summary: The workgroup must study the potential for reorganizing MDOT and MTA, including (1) options allowing MTA to continue providing local Baltimore City transit services, including light rail, subway, and bus services and the creation of a new unit or reorganization of the Office of the Secretary to provide statewide transit services; (2) the current contractual obligations and agreements of MTA and the necessary steps to transfer the obligations and agreements in the event of a reorganization of MDOT and MTA; and (3) the governance changes to MTA necessary to ensure that Baltimore City has the appropriate oversight and input into local Baltimore City transit service. The workgroup must make recommendations regarding the potential for the reorganization of MDOT and MTA.

To the extent practicable, the workgroup must (1) analyze alternative reorganization plans and weigh the costs and benefits of each alternative; (2) provide cost estimates for any reorganization plan; and (3) analyze the impact of any potential reorganization plan on federal funding and regulatory compliance.

Any reorganization plan considered by the workgroup may not reduce funding for local Baltimore City transit services.

Workgroup members may not receive compensation but are entitled to reimbursement for expenses.

Current Law: MTA is a modal unit within MDOT, and it operates a comprehensive transit system throughout the Baltimore-Washington metropolitan area, including more than 50 local bus lines in Baltimore and other services, such as the light rail, Baltimore Metro subway, commuter buses, MARC trains, and mobility/paratransit vehicles. Aside from the District of Columbia transit system, MDOT and MTA are generally the agencies responsible for the construction and operation of transit lines in the State.

State Expenditures: In the execution of its duties, MDOT and MTA often engage expert consultants to handle research, evaluations, studies, and staffing duties. To meet the bill's requirements, MTA anticipates the need for consultants. Accordingly, TTF expenditures increase by \$324,000 in both fiscal 2026 and 2027. This estimate, which is based on information provided by MTA, assumes the following in consultant costs, split evenly between fiscal 2026 and 2027:

- an estimated \$240,000 for expert legal counsel to review existing contracts, leases, easements, agreements, and regulations that may be affected by the potential reorganization of MDOT and MTA;

- an estimated \$288,000 to perform in-depth analyses of the MTA and MDOT budgets, including analyses of potential cost savings and/or new costs resulting from the potential reorganization; and
- an estimated \$120,000 to analyze potential issues with federal agencies and federal funding.

Any expense reimbursements for workgroup members are assumed to be minimal and absorbable within existing budgeted resources. DLS can provide staff for the workgroup using existing budgeted resources.

Additional Comments: The fiscal 2026 budget as passed by the General Assembly includes language that restricts \$150,000 of the TTF appropriation to the Secretary's Office within MDOT contingent upon the enactment of this bill. Specifically, \$150,000 of the TTF appropriation made for the purpose of departmental administration may not be expended until MDOT submits a report to the budget committees on a reorganization plan through which MTA would continue providing local Baltimore City transit services, including light rail, subway, and bus services, and the Office of the Secretary or a new unit of MDOT would provide statewide transit services. The budget language establishes requirements for the report that are similar to – but not identical to – the charge of the workgroup established by this bill. The budget language further requires the report to be submitted by *December 1, 2025*, one year earlier than the date by which the workgroup must report its findings and recommendations and MDOT, in consultation with DLS, must submit draft legislation to effectuate the workgroup's recommendations.

Additional Information

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

Designated Cross File: SB 401 (Senator McCray) - Budget and Taxation and Finance.

Information Source(s): Maryland Department of Transportation; Office of the Attorney General; Maryland State Treasurer's Office; Judiciary (Administrative Office of the Courts); Department of Budget and Management; Department of Legislative Services

Fiscal Note History:
km/lgc

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