

annual grants to Prince George's County and Montgomery County for eligible local bus service as defined in this section. The amount of these grants shall be equal to:

(1) 100 percent of the service deficit attributable to each county; less

(2) Each county's share of the Department's annual grant to the Washington Suburban Transit District as determined under § 10-205(b) of this subtitle.

(c) The Department's grant for any eligible local bus service may not be greater than the operating grant that the Department would incur from the same bus service if operated by the Washington Metropolitan Area Transit Authority. This requirement shall be applied on a line by line basis.

(d) Except with the specific approval of the Secretary, notwithstanding the provisions of § 10-205 of this subtitle, the combined grants for bus service to each county under this section and § 10-205(b) of this subtitle may not exceed the level of the combined grants for the prior fiscal year adjusted for inflation by the projected consumer price index CPI-U for the fiscal year in which the grant under this section is being awarded, using the actual consumer price index CPI-U at the close of the fiscal year. Adjustments shall be made to increase or decrease the combined grants in the subsequent fiscal year to reflect the actual inflation rate.

(e) Notwithstanding the provisions of subsection (b) of this [section] SECTION, the Secretary may authorize payment for the cost of new eligible local bus service that does not recover 50 percent of its operating costs for the first 2 years of its operation, provided that:

(1) The annual cost to the Department of new bus service added under this section and § 10-205 of this subtitle does not exceed 2 percent of the total annual cost of bus service provided under this section and § 205 of this subtitle;

(2) No more than 1 percent of the annual cost of bus service provided under this section and § 10-205 of this subtitle is added as new bus service in a single fiscal year; and

(3) The cost of new bus service may not cause the Department to exceed the legislative appropriation for Washington Metropolitan Area Operating Grants.

(F) (1) THE DEPARTMENT SHALL PROVIDE AN ANNUAL CAPITAL GRANT TO PRINCE GEORGE'S COUNTY AND MONTGOMERY COUNTY FOR THE PURCHASE OF BUSES TO BE USED IN ELIGIBLE LOCAL BUS SERVICE.

(2) GRANTS PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE IN ADDITION TO ANY FEDERAL FUNDS RECEIVED BY THE STATE FOR BUS SERVICES OPERATED BY PRINCE GEORGE'S COUNTY AND MONTGOMERY COUNTY.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

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