

Part G

Transportation and Motor Vehicles

Transportation

Transportation Financing

Transportation Trust Funding Enhancement

November 2007 Special Session: On October 15, 2007 Governor O'Malley issued Executive Order 01.01.2007.23 which convened a special session beginning on October 29, 2007. After three weeks of hearings and deliberation, the legislature completed action on a fiscal plan to address the long-term structural deficit as well as providing an additional \$413 million in revenue for the Transportation Trust Fund (TTF) through Chapter 6 of the 2007 special session. Following is a summary of the revenue actions that enhanced the TTF:

- **Titling Tax:** The titling tax increased from 5 to 6 percent with all of the revenue from the 1 percent increase dedicated to the TTF. In addition, a trade-in allowance was provided for, which deducts the value of a trade-in vehicle from the purchase price, thus reducing the amount of tax applied to the purchase.
- **Dedication of Sales Tax:** Beginning in fiscal 2009, the TTF was to receive 6.5 percent of the total sales tax receipts in that year with all of the revenue directed to the TTF.
- **Increase in Titling Certificate Fee:** The certificate of title fee, which is paid when a vehicle is purchased, was increased from \$23 to \$50.
- **Ending Certain General Fund Transfers:** Transfers from the motor fuel tax to the Waterway Improvement Fund and Fisheries Research Development Fund were replaced with mandated general fund appropriations in fiscal 2009. Transfers of revenue from the security interest filing fee to the general fund were eliminated beginning in fiscal 2009 and will be retained by the TTF. Finally, vanity tag revenue, previously transferred to the general fund, will now be retained by the TTF.

In addition, in recognition of the additional revenues provided to the TTF, the limit on debt outstanding was increased from \$2.0 billion to \$2.6 billion.

2008 Session Activities: During the 2008 session, the additional revenues provided for in the special session are modified by *Senate Bill 46 (Ch. 10)* which repeals the sales tax on computer services. In fiscal 2009 revenues are reduced by \$14 million which was the TTF share of this revenue. The legislation also provides that the share of the sales tax to be distributed to the TTF is reduced from 6.5 to 5.3 percent for five years. This results in a revenue loss of \$51 million in fiscal 2009. **Exhibit G-1** summarizes the impact of *Senate Bill 46* on the TTF through fiscal 2013.

Exhibit G-1
Impact of SB 46 on Transportation Trust Fund Revenue
Fiscal 2009-2013
(\$ in Millions)

<u>Fiscal Year</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Estimated Revenue to TTF from Special Session	\$413	\$430	\$448	\$467	\$489
Less Repeal of Sales Tax on Computer Services	-14	-14	-15	-15	-16
Less Reduced Sales Tax Share (6.5% to 5.3%)	<u>-51</u>	<u>-54</u>	<u>-56</u>	<u>-59</u>	<u>-61</u>
Subtotal Revenue Loss to TTF	-65	-68	-71	-74	-77
Revised Additional Revenue to TTF	\$348	\$362	\$377	\$393	\$412

Net special fund revenue to the TTF is expected to total \$2.9 billion in fiscal 2009, including \$370 million in estimated Consolidated Transportation Bonds. This is a net increase of approximately \$373 million compared to fiscal 2008 largely due to the additional revenue provided for in the 2007 special session. Operating expenses for all modes totals \$1.56 billion; an increase of \$123 million or 8.7 percent.

Budget Enhancements: Excluding debt service growth, the Maryland Department of Transportation's total operating and capital budgets increase in fiscal 2009 by a net \$359 million in special funds, with approximately \$300 million in new spending enhancements as a result of the additional revenue provided during the special session. However due to *Senate Bill 46*, the amount of revenue the department will receive is reduced by an estimated \$65 million, thus it is unclear what impact this will have. As introduced, the operating budget proposed a number of enhancements to transit services provided by the Mass Transit Administration for Core Bus, Light Rail, and MARC service as well as grants to locally operating transit systems. The

majority of the additional revenue was utilized to enhance capital appropriations for the Mass Transit Administration and the State Highway Administration. The funding was largely used for a number of system preservation projects for rail cars, roads, and bridges.

Maryland Transportation Authority

The Maryland Transportation Authority (MdTA) is responsible for the operation of the State's seven existing toll facilities. MdTA has assumed an expanded role in financing nontolled transportation facilities since the 1980s. MdTA has provided fund transfers and loans to the Maryland Department of Transportation's TTF and has assumed responsibility for building revenue generating transportation facilities in lieu of financing those facilities from the TTF. MdTA also serves as the conduit through which debt backed by a variety of revenue sources is issued.

Revenue Bonds: Revenue bonds issued by MdTA are backed by toll revenues and do not count against State debt limits. *Senate Bill 182 (passed)* increases the limit on the aggregate outstanding and unpaid principal balance of revenue bonds issued by MdTA from \$1.9 billion to a maximum of \$3.0 billion; however, MdTA's maximum aggregate amount of revenue bonds that may be outstanding and unpaid must be reduced by the amount of:

- any loan extended to the State under the federal Transportation Infrastructure Finance and Innovation Act (TIFIA); and
- any line of credit extended to the State under TIFIA, to the extent the State draws on the line of credit.

Primarily driving the need for the increase in the revenue bond cap is the simultaneous construction of two large capital projects: the InterCounty Connector (ICC) and the Express Toll Lanes on I-95 north of Baltimore. In total, these two projects account for \$3.6 billion in MdTA's six-year \$4.4 billion capital program. Other major projects are lane expansions and numerous improvements along I-95, the redecking and painting of the Bay Bridge and improvements to the Hatem Bridge, and interchange and associated improvements to the Baltimore tunnels. The increase in the bond cap, therefore, alleviates pressure upon MdTA to reduce its capital programs and/or increase tolls to produce adequate cash to pay for projects on a pay-as-you-go basis.

ICC Financing and General Fund Repayment: Under current law, financing for the \$2.5 billion ICC project includes the general fund, the TTF, Grant Anticipation Revenue Vehicle or GARVEE bonds, federal funds, MdTA toll revenue bonds, and a TIFIA line of credit. *Senate Bill 182* smoothes general fund payments to MdTA for the ICC in fiscal 2010 and 2011 to moderate demands on the general fund budget. **Exhibit G-2** presents the general fund repayment for the ICC before and after *Senate Bill 182*.

Exhibit G-2
General Fund Repayment for the ICC
Current Law vs. SB 182, with SB 46 of 2008 Enacted
(\$ in Millions)

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Current Law	General Fund Repayment	\$85.0	\$126.9			\$211.9
SB 182	General Fund Repayment	85.0	63.0	63.9		211.9
Change		(\$0.0)	(\$63.9)	\$63.9	\$0.0	\$0.0

MdTA is required each year to develop and submit a six-year financial forecast for its operations. A draft of the financial forecast must be submitted when the budget bill is submitted to the General Assembly, and the final MdTA-approved financial forecast must be submitted on or before July 1 of each year. Among other things, the forecast must include actual information for the last full fiscal year and forecasts for each of the six subsequent fiscal years. The six-year forecast period includes the fiscal year in which the forecast is prepared, the fiscal year for the proposed budget, and the next four fiscal years.

Senate Bill 182 provides that, by December 1 of each year until completion of construction of the ICC, MdTA must continue to submit a report on the status of the ICC to specified legislative committees. The report must include comparisons between current and original project information (*e.g.*, costs, funding sources, progress schedule) provided to the legislative committees in January 2005.

Public Transit Services – Farebox Recovery and Performance Measures

Farebox recovery is the ratio of public transit operating revenues compared to operating expenditures. To the extent expenditures are not covered by fares, the operating deficit for public transit is paid from the TTF. The Maryland Transit Administration (MTA) is required by law to achieve 40 percent farebox recovery for Baltimore area transit services, including bus, light rail, and Metro subway service. This requirement increases to 50 percent on July 1, 2008. MTA is also required to obtain a separate 50 percent minimum farebox recovery ratio for Maryland Area Rail Commuter (MARC) service. In addition, the statutory formula governing State grants for local bus service in Montgomery and Prince George’s counties includes a 40 percent farebox recovery goal for those systems. The farebox recovery for MTA’s Baltimore transit service was 32 percent in fiscal 2007. MARC’s farebox recovery was 56 percent in fiscal 2007.

House Bill 1185 (passed) alters the statutory farebox recovery ratios and extends and expands the current requirement for MTA to submit annual performance reports. The bill requires MTA to obtain 35 percent farebox recovery for Baltimore area transit, including bus, light rail, and Metro subway service. A separate 35 percent farebox recovery ratio is required for

MARC service. The bill also establishes a 35 percent farebox recovery goal for eligible local bus service in Montgomery and Prince George’s counties. MTA is required to report annually to the General Assembly on farebox recovery, including a discussion of its success or failure to achieve the required farebox recovery ratios and comparisons of its performance with other transit systems nationwide. The bill extends the statutory requirement for MTA to submit reports on three additional performance measures: operating expenses per revenue vehicle mile; operating expenses per passenger trip; and passenger trips per revenue vehicle mile. For each of these performance measures, MTA is required to establish its own goals each year. The statutory mandate for an independent management audit of MTA’s operational costs and revenues every four years is also extended under the bill. This audit must include an evaluation of fares and cost containment measures. The audit is to be used as a benchmark for the annual performance reports. Finally, *House Bill 1185* requires MTA to report, by January 1, 2009, to the General Assembly on the number of free trips allowed on the Baltimore bus, light rail, and subway systems.

Transport by Privately Owned Helicopter

Senate Bill 810 (failed) would have authorized the use of the Maryland Emergency Medical System Operations Fund for the reimbursement of private helicopter companies for the transport of patients from the scene of an out-of-hospital medical emergency to a health care facility under specified conditions. Approximately 13,000 patients are transported by air ambulance annually in Maryland. The Maryland State Police Aviation Command transports approximately 7,000 patients from primary scenes to trauma centers while private air ambulance companies complete approximately 6,000 inter-hospital missions and provide backup services to the State Police. Currently, air ambulance companies providing scene transport may charge the patient or the patient’s insurance company but may not to seek reimbursement from the State, a local jurisdiction, a municipality, or volunteer fire company. A small number of patients transported from the scene by an air ambulance company could be faced with a sizeable bill if the service is not covered by their payor, the air ambulance company is not part of their insurance company’s provider network, or they are uninsured and do not meet the requirements of the air ambulance company’s charity care policy.

Miscellaneous Transportation Legislation

Transit-oriented Development

Transit-oriented development is development that leverages transit stations as the foundation for vibrant communities with a dense mix of commercial, residential, and retail development. By clustering development around transit sites, transit-oriented development seeks to maximize the State’s investment in transit by promoting increased ridership and enhanced opportunities for pedestrian and bicycle mobility. According to MTA, the benefits of transit-oriented development include easing congestion on roadways, curbing greenhouse gas emissions, reducing pollution, and providing a viable alternative to sprawl.

MDOT has over 70 sites that are potential transit-oriented development projects. Transit-oriented development opportunities exist along the Baltimore Metrorail system, the Baltimore Central Light Rail Line, and MARC lines throughout the Baltimore and Washington regions. Several additional opportunities will be created with the expansion of the existing transit network to include such projects as the WMATA Purple Line and the Baltimore Region Red and Green lines. In Maryland, several sites are being considered or are under development in accordance with transit-oriented development principles. These include the Laurel MARC station, the Odenton MARC station, the Owings Mills metro station, the Reisterstown Plaza metro station, the Savage MARC station, and the State Center in Baltimore.

Senate Bill 204/House Bill 373 (both passed) define transit-oriented development and include transit-oriented development among those transportation purposes established by law as “essential” for the “economic welfare and vitality” of the State and the development of its political subdivision. The bills are consistent with the current policy of MDOT, which promotes transit-oriented development by working with local governments to implement land use policies that are consistent with transit-oriented development, partnering with the private sector to complete transit-oriented development projects, and leveraging federal funds to facilitate transit-oriented development.

Senate Bill 204/House Bill 373 define transit-oriented development as a mix of private or public parking facilities; commercial and residential structures; and uses, improvements, and facilities customarily appurtenant to such facilities and uses that:

- is part of a deliberate development plan or strategy involving property that is located within one-half mile of the passenger boarding and alighting location of a planned or existing transit station;
- is planned to maximize the use of transit, walking, and bicycling by residents and employees; and
- is designated as a transit-oriented development by the Secretary of Transportation in consultation with other specified State agencies and the local government or multicounty agency with land use and planning responsibility for the relevant area.

The bills specify that the establishment of transit-oriented development as a transportation purpose may not be construed to limit the authority of local governments to govern land use or grant the State or a department of the State additional authority to supersede local land use and planning authority. It also expresses the intent that in order for areas with planned transit stations to be considered for designation as a transit-oriented development, local governments must coordinate with MTA on land use planning elements.

Transit Service for Disabled Persons – Records Check and Training for Persons Providing Service

MTA is responsible for public transportation and operates and maintains the public bus, subway, and rail systems. MTA is required to develop an effective and efficient transit service to meet the special needs of the elderly and disabled.

House Bill 505 (passed) requires MTA to ensure that a person employed or offered employment by MTA or an MTA contractor who provides transit service to disabled persons obtains State and national criminal history records checks and successfully completes a course on matters relating to appropriate accommodation, including customer service, sensitivity, and respectful and courteous treatment of all passengers, including disabled persons. The bill requires that the curriculum be jointly developed by the Maryland State Department of Education and the Department of Disabilities and be approved by MTA. The bill’s requirements supplement current MTA training activities.

Motor Vehicles

Statewide Automated Speed Enforcement

Photo-radar enforcement systems that detect speeding vehicles operate in a manner similar to red light cameras. A photo-radar system may be located in a mobile or stationary unit. The system has a radar detector and a camera. A speeding vehicle triggers the camera and a photograph is taken of the vehicle. The photos have the date, time, and speed recorded. Some states have limited or banned automated speed enforcement, while others have considered authorizing or expanding its use. Most states have no provisions related to automated speed enforcement.

Montgomery County is the only jurisdiction in Maryland authorized to issue citations for speeding based on recorded images collected by automated speed monitoring systems. In Montgomery County, a “speed monitoring system” is a device with one or more motor vehicle sensors producing recorded images of motor vehicles traveling at least 10 miles per hour above the posted speed limit. Automated speed enforcement applies to speeding violations in Montgomery County that occur on a highway in a residential district with a maximum posted speed limit of 35 miles per hour or in an established school zone. The maximum civil penalty is \$40.

Concerns about injuries and fatalities to highway workers in highway construction zones and the drivers and passengers traveling through those work zones has also prompted the consideration of the use of automated speed enforcement in these work zones. *Senate Bill 269/House Bill 364 (both failed)* would have authorized the use of work zone speed control systems by the State Highway Administration and local jurisdictions. The bills also would have expanded the Montgomery County program to apply statewide. The bills would have authorized the use of automated speed enforcement:

- for local jurisdictions, in a school zone or on highways with a maximum posted speed limit of 45 miles per hour; and
- for the State and local jurisdictions, in highway work zones on expressways or controlled access highways where the speed limit is 45 miles per hour or greater.

Senate Bill 269 would have imposed a maximum fine of \$40 for a violation and would have increased the speed tolerance to 12 miles per hour. County delegations also considered various bills establishing local authority to implement automated speed enforcement, including *House Bill 174 (failed)* (Baltimore County), *House Bill 1198 (failed)* (Howard County), and *House Bill 1017, House Bill 1024, House Bill 1034, and Senate Bill 963 (all failed)* (Prince George's County).

Teen Driving Safety

When a minor receives a citation for driving at least 20 miles per hour over the speed limit, the Motor Vehicle Administration (MVA) is required to notify the cosigner of the minor's driver's license application. *Senate Bill 460/House Bill 511 (both passed)* apply this notification requirement to a citation for any moving violation.

Before issuing a driver's license, MVA is required to issue a learner's instructional permit to an applicant unless the individual is otherwise authorized to drive. An individual must be at least 15 years and 9 months old to be eligible for a learner's permit. *House Bill 1426 (passed)* extends the validity of a learner's permit from one year to two years after the date of issuance and repeals the exception that allows a person who is at least 15 years old to drive under the supervision of a driving instructor without a learner's permit.

Driving with Wireless Communication Devices

The use of telephones while driving and the impact of other distractions on drivers has been a major traffic safety issue for the past several years. In addition to telephones, cars are equipped with on-board navigation systems, DVD players, and television monitors, all competing to divert the driver's attention away from the road. A persistent problem complicating efforts to understand the impact of the use of wireless devices in motor vehicles has been the mixed results of published studies; however, more recent studies have indicated a stronger connection between the use of wireless communication devices and risky driving behavior.

Senate Bill 2 (failed) would have prohibited the driver of a moving school vehicle carrying passengers or a holder of a learner's instructional permit or provisional driver's license who is age 18 or older from using any wireless communication device. In addition, the bill would have prohibited any other driver of a moving motor vehicle from using the driver's hands to use a wireless communication device other than to initiate or terminate a wireless telephone call or to turn the wireless communication device on or off. This prohibition would not have

applied to the use of a wireless communication device to call a 9-1-1 system in an emergency situation or to use by specified professionals under specified circumstances.

Enforcement of a violation would have occurred only as a secondary action when a police officer was detaining a driver for another suspected violation. For a first offense, the violator would have been subject to a fine of up to \$50, but no points could have been assessed unless the offense contributed to an accident. A court could have waived the fine for a first-time conviction if the person acquired a hands-free accessory, attachment, add-on, or built-in feature for the wireless communication device. For a second or subsequent offense, the maximum fine would have been \$100. The bill would have terminated two years after enactment.

The General Assembly considered other legislation concerning the use of wireless communication devices while driving. For example, *House Bill 380 (failed)* and *House Bill 1110 (failed)* generally would have prohibited a Maryland driver from using a text messaging device to write, send, or read a text message while operating a motor vehicle. A violator would have been guilty of a misdemeanor and subject to a maximum fine of \$500.

Licensing and Registration

Medical Advisory Board Driver Safety Research

The Medical Advisory Board consists of physicians and optometrists who determine whether to license, or to restrict the license of, individuals suffering from certain disorders that would adversely affect their ability to drive. In the process of making this determination the Medical Advisory Board compiles personal information. Access to this information is restricted by law except to those on the Medical Advisory Board and, in specified instances, MVA. *Senate Bill 578/House Bill 766 (both passed)* authorize MVA to use this information in the Medical Advisory Board records for the purpose of driver safety research, on the condition that no personal information is disclosed. The driver safety research may be conducted in collaboration with outside medical research entities.

Motor Vehicle Documentation Fraud

The creation of fraudulent vehicle documents, such as certificates of title and vehicle identification numbers (VIN), is a major concern for law enforcement agencies in combating vehicle theft, and is a growing concern nationwide for those tasked with enforcing immigration laws. In Maryland, a person who alters or forges specified motor vehicle related documents is guilty of a misdemeanor and subject to a maximum of two months imprisonment or a \$500 fine. However, this violation is not among those for which a law enforcement officer may make a warrantless arrest. Under *House Bill 847 (passed)*, if a police officer has probable cause to believe that a person has, with fraudulent intent, committed various specified offenses related to altering or forging motor vehicle documents, the officer may arrest the person without a warrant.

Registration Plates

Special Registration Plates: The Gold Star has become a widely recognized symbol to honor members of the armed forces who lost their lives in combat and their surviving family members. To date, at least 20 states have created Gold Star motor vehicle registration plates available for certain Gold Star recipients. *House Bill 1425 (passed)* establishes a special registration plate available exclusively for a recipient of a U.S. Department of Defense Gold Star, indicating status as a surviving spouse, parent, or next of kin of a member of the armed forces killed in combat.

Motorcycle Registration Plates: Currently, motorcycle registration plates, produced by Maryland Correctional Enterprises, are 8.5 inches wide by 4.5 inches in height. *House Bill 844 (passed)* requires Maryland motorcycle plates to be 7 inches wide by 4 inches in height, consistent with 47 other states.

Motor Vehicle Excise Tax Credit for Military Members

The owner of a motor vehicle must pay an excise tax for each original or subsequent certificate of title issued in Maryland. If a vehicle was titled in another state, the owner only need pay the difference between the tax rate paid in the other state and the excise tax rate due in Maryland. However, this provision only applies to new residents titling their motor vehicle within 60 days of residency or to active duty members of the military who have not been in Maryland for more than 1 year. *House Bill 669 (passed)* expands the eligibility of this provision to include a member of the military who applies for a certificate of title within one year of returning to Maryland from active duty.

Rules of the Road

Penalties for Failure to Yield

Senate Bill 712 (passed) alters the penalties for a person convicted of failing to yield the right of way if the violation contributes to serious bodily injury or death. The bill provides that a violator is subject to maximum penalties of a \$1,000 fine and a 180-day license suspension. A driver subject to these sanctions may request a hearing on the license suspension.

Equipment and Inspections

Child Safety Seats

Senate Bill 789 (passed) expands the child safety seat requirement to apply to all children under the age of 8 years, unless the child is 4'9" tall or taller or weighs more than 65 pounds. The bill expressly applies the child safety seat requirement to the transportation of a child in any Class E (truck) vehicle or any vehicle registered in another state or Puerto Rico.

Towing Procedures

Following a deadly and highly publicized accident on the William Preston Lane, Jr. Memorial Bridge (Chesapeake Bay Bridge) involving a trailer that detached from its towing vehicle, the Maryland Transportation Authority conducted an investigation and concluded that the safety chains connecting the two vehicles were too long and that there was no evidence that a hitch pin had been used. *Senate Bill 174/House Bill 1119 (both passed)* were introduced in response to that tragic accident. The bills clarify standards and requirements for towing and towed vehicles. The bills also increase the penalty for a violation of State towing provisions that leads to serious bodily injury or death to a maximum fine of \$1,000.

Miscellaneous

Redefining Motorcycles

Under federal regulations, “motorcycle” means a “motor vehicle with motive power having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground.” *House Bill 221 (passed)* more closely conforms the State definition for “motorcycle” to the federal law by adding the element that the vehicle be designed to travel over 35 miles per hour.

Maryland Quiet Vehicles and Pedestrian Safety

Organizations representing visually impaired persons, such as the National Federation of the Blind, and traffic safety advocates have expressed concerns about the production of electric and hybrid motor vehicles because the vehicles are so quiet that it could be difficult for someone, but especially a person who is blind or visually impaired, to detect their presence. *Senate Bill 276/House Bill 1160 (both passed)* establish the Maryland Quiet Vehicles and Pedestrian Safety Task Force staffed by the Maryland Department of Transportation. The task force is charged with studying the effects of vehicle sound on pedestrian safety and all available technology that may enhance the safety of blind pedestrians. The task force must recommend a minimum sound level and the nature and characteristics of the minimum sound to be required for all new vehicles sold and registered in the State and the use of technology to enhance the safety of blind pedestrians. The bills require the task force to submit a report to the General Assembly by December 31, 2008.

Vehicle Salvage

Inspection Fee: The Automotive Safety Enforcement Division of the Department of State Police inspects salvage vehicles. However, the \$25 inspection fee that is credited to the State Police’s Vehicle Salvage Fund is not collected until the title certificate application is submitted to MVA. Thus, approximately one-third of salvage vehicles that are later titled out-of-State never pay the inspection fee. *House Bill 225 (passed)* requires the Automotive Safety Enforcement Division rather than MVA to collect the inspection fee at the time of inspection.

Title Branding: Maryland has implemented a vehicle salvage program to help prevent vehicle theft and to facilitate consumer protection with respect to the sale of used vehicles. ***Senate Bill 568 (passed)*** requires MVA to issue a certificate of title for a salvage vehicle with a brand of “rebuilt salvage” if the cost to repair the vehicle for highway operations is greater than 75 percent of the vehicle’s fair market value before sustaining the damage for which the claim was paid. The bill also repeals the requirement to obtain a salvage certificate if the cost of repair is 75 percent or less than the vehicle value, establishes a vehicle title brand for cosmetic or flood damage, and extensively clarifies current law with respect to salvage certificates.