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2017 Interim
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THE MARYLAND GENERAL ASSEMBLY
Annapolis, Maryland 21401

Joint Committee on Federal Relations

December 15, 2017

The Honorable Thomas V. Mike Miller, Jr, Co-chair
The Honorable Michael E. Busch, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Federal Relations respectfully submits the attached report on its activities during the 2017 interim. The committee's primary focus this interim was two briefings held on October 25 and December 5. The October 25 briefing focused on the federal budget, federal tax reform, and base realignment and closure (BRAC). The December 5 briefing focused on Washington Metropolitan Area Transit Authority (WMATA) financing and governance reform. As in past years, the committee also conducted its annual review of interstate compacts.

On a separate note, Department of Legislative Services staff identified two instances in which legislation may be appropriate to address contingent laws related to interstate compacts that have gone for a long period of time without taking effect (due to the contingent language not being fulfilled). We, as chairs of the committee, have agreed to introduce the legislation in the 2018 session, in one instance removing obsolete content from the Maryland Code and in the other instance improving the clarity of the code.

The committee looks forward to continuing its role as a forum for discussion of important issues in State-federal relations.

Sincerely,

Brian J. Feldman
Senate Co-chair

Alfred C. Carr, Jr.
House Co-chair

BJF:ACC/SDK:LMV/nac

Enclosure

cc: Mr. Ryan Bishop
Ms. Carol Swan

Joint Committee on Federal Relations
2017 Interim Report

Briefing on the Federal Budget, Tax Reform, and Base Realignment and Closure

On October 25th, the committee was briefed by speakers from the National Conference of State Legislatures (NCSL) on the federal budget and tax reform legislation. The committee was also briefed by representatives from the Department of Commerce's Office of Military and Federal Affairs on base realignment and closure (BRAC).

Federal Budget and Tax Reform Legislation

For the first panel, Max Behlke, the Director of Budget and Tax at NCSL, and Jake Lestock, Policy Specialist of Budget and Tax at NCSL, briefed the committee on the status of the federal budget and tax reform legislation.

Mr. Behlke and Mr. Lestock provided an overview of the federal budget process, and updated the committee on actions taken to date. Congress passed a temporary Continuing Resolution (CR) for federal fiscal year (FFY) 2018 on September 8th, 2017, which funded the federal government through December 8th, 2017, raised the debt ceiling limit, and provided hurricane response relief. Following passage of the CR, the House of Representatives passed a budget resolution for FFY 2018 which laid the groundwork for the budget process, and included cuts in Medicare and Medicaid. The resolution also established the framework for congress to pass tax reform legislation through budget reconciliation, which eliminates the threat of a filibuster by allowing the legislation to pass the senate with a simple majority. Mr. Behlke and Mr. Lestock also made the committee aware of federal programs that expired on September 30, 2017, such as the Children's Health Insurance Program (CHIP), which would need legislation for reauthorization. At the time of the briefing, legislation had yet to be passed to reauthorize CHIP, although both houses had versions of CHIP legislation under consideration. Mr. Behlke and Mr. Lestock indicated that if a budget was not passed by the expiration of the CR on December 8th, then the federal government would shut down.

Mr. Behlke and Mr. Lestock then discussed the latest information on tax reform legislation and the potential impact on states. Maryland would be particularly impacted by a proposal in the tax reform legislation to eliminate the State and Local Tax (SALT) deduction. Elimination of the SALT deduction could result in 45% of Maryland taxpayers paying higher taxes due to the fact that Maryland is a high income state and individuals with higher incomes tend to itemize their taxes rather than taking the standard deduction. Congress was prioritizing tax legislation and NCSL expected the House of Representatives to pass tax reform by the end of November. Mr. Behlke commented on the political tension between Congress needing to pass a budget and raise the debt ceiling again, while simultaneously attempting to pass tax reform legislation that would increase the deficit.

Mr. Behlke and Mr. Lestock closed their portion of the hearing with a brief discussion of e-commerce and the growth of online sales. South Dakota passed legislation in 2016 that requires an out-of-state seller to collect state taxes if they generate more than $100,000 in revenues from sales into the state the previous calendar year, or had more than 200 separate transactions. Mr. Behlke indicated that this law will most likely end up in the Supreme Court in 2018, and that NCSL will be filing briefs to support South Dakota's law.

Base Realignment and Closure

The second panel included Brigadier General J. Michael Hayes and Lisa Swoboda from the Department of Commerce's Office of Military and Federal Affairs. Brigadier General Hayes and Ms. Swoboda provided an update on BRAC in Maryland and discussed the future potential for another round of BRAC.

The BRAC process in Maryland is led by Lieutenant Governor Boyd K. Rutherford. Military facilities in Maryland are primarily dedicated to research, testing, evaluation, and procurement. Defense installations are approaching one-fifth of the Maryland economy. Given that another round of BRAC is likely to occur at some point in the future, Brigadier General Hayes recommends the State stays engaged with BRAC projects, programs, and funding. The Department of Defense (DoD) Office of Economic Adjustment (OEA) assists communities impacted and dealing with the ripple effects of defense decisions. Maryland receives federal grants from DoD OEA to support community efforts and help diversify the defense industry and grow the economy. Impacts to the DoD budget would most likely have significant impacts since Maryland is ranked 5th in defense spending nationally.

Ms. Swoboda discussed the State's most recent and ongoing efforts related to BRAC. The Maryland Defense Network is a free searchable database of Maryland companies to encourage subcontractors to start teaming up to be more competitive for larger contracts and to target business development assistance to companies at risk due to defense dependency. The Maryland Defense Diversification Assistance Program aims to assist 100 defense contractors throughout the State, and make recommendations on how companies can diversify to minimize their risk. These programs also help contractors work with commercial markets in addition to defense markets. The State is also implementing regional pilot programs, such as in Southern Maryland which is the most defense-dependent region; Aberdeen Proving Ground is the second most defense-dependent region.

The committee asked Brigadier General Hayes and Ms. Swoboda to comment on the current BRAC projects in the State, specifically related to transportation projects. The response was that more funding is needed. The program – Defense Access Road Program – included $90 million allocated to six intersections and $35 million allocated for a tunnel from the National Institutes of Health. Brigadier General Hayes feels the program needs to be invigorated, but has had no traction in the last couple of years. In regards to the committee's question about specific actions the Maryland General Assembly could take to assist with future potential BRAC changes, the panel recommended continuing efforts to widen I-270 since transportation seems to be the item of greatest concern.

Briefing on WMATA Financing and Governance Reform

On December 5th, the committee held a briefing on issues relating to Washington Metropolitan Area Transit Authority (WMATA) financing and governance reform. The participants in the briefing were (1) Paul J. Wiedefeld, General Manager and CEO, WMATA; (2) Chuck Bean, Executive Director, Metropolitan Washington Council of Governments (COG); (3) Pete K. Rahn, Secretary, Maryland Department of Transportation (MDOT); and (4) Delegate Marc Korman, a member of the joint committee as well as one of a group of 10 Maryland legislators from Montgomery County and Prince George's County that presented reform proposals in a June 2017 report.

Participants' Initial Remarks

The main points made by the briefing participants in their initial remarks with respect to WMATA financing and governance reform are described below. Questions and answers are summarized further below.

Paul Wiedefeld

WMATA's Focus: WMATA is focused on three things: (1) safety and security of the Metro system, riders, and employees (a large focus of which has been the SafeTrack effort); (2) service reliability (including adding more, newer rail cars); and (3) fiscal management (including addressing a funding deficit of $100 million last year through internal cuts, resulting in the elimination of 700 positions, and improving capital program delivery). WMATA has made measurable improvements in each area, but continues to focus on those areas and efforts.

Plan for Addressing Long-Term Needs: To address long-term needs, WMATA came out with a plan called "Keeping Metro Safe, Reliable, and Affordable", consisting of both a capital and operating element:

- *Capital* – A federally-mandated needs assessment conducted by WMATA points to a $25 billion investment need over the next 10 years, $15 billion of which WMATA is recommending targeting based on what can be physically completed and without too great of an impact on service while making improvements. To meet that target, WMATA is recommending additional capital funding of $500 million per year. The agency is also recommending that growth of current jurisdictional contributions of capital funding be capped at 3% per year to keep up with inflation. The agency strongly believes that the federal government needs to continue to play a special role in the system. Current federal funding ($150 million per year), matched by jurisdictions, that will expire should continue. The system's needs are fairly straightforward. It is a 40 year-old system, with assets that wear out, and needs reinvestment. Similar issues are being dealt with in other cities across the country.

- *Operating* – Operating costs have been increasing at twice the rate of revenues. Revenues are affected by various factors ranging from Metro's performance to changing social dynamics (*e.g.* telecommuting, Uber, biking, price of fuel). To address that, WMATA has suggested capping annual growth of operating costs at 3%. The agency is also suggesting switching from a defined benefit pension program to a defined contribution retirement program for new, represented employees, and is also looking at competitive contracting for new services (for instance, the agency has recently put out an request for proposals for a new bus garage in Virginia), for which unions would be able to compete. An additional suggestion is amending the National Capital Area Interest Arbitration Standards Act (Wolf Act) to clarify certain parameters for binding arbitration, particularly to make sure that employees are compared to like employees in the region and not people in other parts of the country. Finally, WMATA is suggesting a contingency fund, built up over time (roughly 1% of the budget each year), that could cover costs of unexpected things that occur, like large marches, without having to make cuts elsewhere or go back to jurisdictions for more money in the middle of a budget cycle.

Funding Proposals in the Region: The various proposals are a recognition of the importance of Metro to the region and a clear understanding of the financial need, particular with respect to capital investment. Mr. Wiedefeld indicated that he knows that other proposals are scheduled to come out (*e.g.* COG, Gov. McAuliffe) and all are good things to have on the table as the region wrestles through very complex issues. Mr. Wiedefeld also commented that he thinks there is a consensus that the issues must be dealt with, and soon.

Chuck Bean

Status of Metrorail Safety Commission: Mr. Bean provided an update on the creation of the Metrorail Safety Commission – a subject the committee focused on in 2016 – indicating that the commissioners are being appointed (Maryland's have already been appointed). COG has an executive recruiter under contract to search for an executive director, only to be hired once the commissioners are in place, and has procured administrative support so that the commission can hit the ground running.

Benefits of WMATA: Metro spurs economic activity and more efficient land use, and provides community and environmental benefits (including reduced congestion). A study by the Northern Virginia Transportation Commission concluded that $600 million is generated for the Virginia general fund through sales and income taxes as a result of Metro.

COG's Recent Work on Metro Issues: COG's recent work on Metro issues has included: (1) the creation of a technical panel in June 2016, consisting of city and county managers, to assess WMATA's funding needs, explore revenue options, determine the economic value of Metro, and identify performance metrics for safety, reliability, and financial management; (2) hosting two regional Metro forums with the Greater Washington Board of Trade; and (3) establishing the COG Metro Strategy Group in January 2017, consisting of D.C., Maryland, and Virginia local and state elected officials (including Senator Feldman), to determine the best way to establish a dedicated funding source for Metro.

COG's Statement of Principles on Metro: Mr. Bean also discussed COG's Statement of Principles on Metro, including that bridging the gap in long-term capital needs is the funding priority, a dedicated funding source or sources that is/are earmarked to Metro and fully bondable is/are needed, and reform of governance and operations optimally would be accomplished without reopening the WMATA compact.

Capital Funding Need: COG's technical panel analysis, Secretary Ray LaHood's review, and Paul Wiedefeld have all identified the capital funding gap as requiring an additional $500 million per year, to pay for a backlog of state of good repair capital needs, meet safety and reliability requirements, and provide for additional critical capital needs with identified costs.

Overview of Proposals: Mr. Bean provided an overview of the financing and governance reform proposals from Virginia (Secretary LaHood, Governor McAuliffe), Maryland (Governor Hogan, the group of ten Maryland legislators), District of Columbia (Mayor and Council – dedicated funding legislation), Congress (Congressman Delaney, Congressmen Brown and Raskin, Congresswoman Comstock), and other entities in the region (Northern Virginia Transportation Commission, Federal City Council, Amalgamated Transit Union Local 689). Mr. Bean indicated that the major players from the business community appear to be the Federal City Council, Greater Washington Board of Trade, and the Greater Washington Partnership.

Prospects for Regional Agreement: Mr. Bean indicated that, from his perspective, having this number of proposals is a good thing, drawing attention to the importance of the issue. Arguably there is more attention and putting forth of proposals than at any time in WMATA's 40-year history. He is hoping that areas of disagreement will be narrowed and things will continue to move forward, with a long-term resolution for Metro hopefully agreed on in this upcoming legislative session for Maryland and Virginia, and WMATA's capital needs met for the beginning of its fiscal year beginning July 1, 2018.

Secretary Rahn

Governor's Funding Approach, and Importance of WMATA: Governor Hogan has put forward an approach that requires all of the jurisdictions/partners funding WMATA to come to the table and bear their share of the responsibility for improvement to the system. WMATA is critical to the Capital region and Secretary Rahn [appearing to speak on behalf of both the department and the Administration in general, in this and a number of following statements] has confidence in Mr. Wiedefeld's ability to manage the organization and improve its performance.

Federal Funding Withheld in Relation to Metrorail Safety Commission: Federal funding being withheld in relation to the Metrorail Safety Commission will not be released until the commission is certified by the Federal Transit Administration. Secretary Rahn is very confident that the commission will be certified sometime next year.

Plan for Additional WMATA Capital Funding: Regarding additional capital funding for WMATA, the Governor's plan is that all four jurisdictions put $125 million up annually for a period of four years, providing $2 billion over that period to WMATA. Secretary Rahn indicated that he keeps hearing conflicting reports from various jurisdictions as far as their willingness to take part in that approach. He believes it is a common sense approach. He does not believe that the jurisdictions are going to reach agreement on a long-term funding approach this year that will meet the test of being dedicated and the Governor's plan will buy the jurisdictions time and still allow WMATA to make progress. Secretary Rahn also believes the federal government needs to be included as bearing a portion of the overall $500 million per year. WMATA is unique in that it is the nation's system, not just the three jurisdictions' system.

Condition of Metro System Must Improve: It is critical for WMATA's short-term and long-term viability that the system's condition improve.

Maryland's Existing WMATA Funding: 77% of State transportation revenues come from motorists and their cars, and 59% of transportation revenue is expended on transit, representing a significant transfer of income from drivers to transit. Maryland already contributes a significant amount to WMATA. Over the last three years, Maryland has provided $1.4 billion to WMATA and is providing $501 million this year. Maryland is paying its share and has also invested in other approaches (*e.g.*, Purple Line) to address transit and congestion in the Capital region.

Existing WMATA Funding Supports Bond Issuances: With respect to talk about a dedicated funding source so that bonds can be issued, WMATA has been issuing bonds based on its existing revenue stream. Maryland and the other jurisdictions, to Secretary Rahn's knowledge, have never not provided the amounts requested by WMATA. Secretary Rahn is quite sure that the credit rating agencies have viewed that as a steady revenue stream that bonds can be supported by, with a high rating.

Delegate Korman

Context for Writing the June 19 Report: The June 19, 2017 report by the group of the Maryland legislators was written within the context of amending the WMATA Compact, but a lot of the changes could be implemented without amending the compact as well.

Funding Alone is Not Viable: The group's basic proposition is that funding alone is not politically or substantively viable as a strategy to improve Metro's performance. It is difficult to justify putting more money into a system that people are frustrated by, and there are ways that Metro can and must improve.

Jurisdictions Should Have Discretion to Choose Funding Source: Each of the jurisdictions should be given discretion as to how to meet the funding goal identified by WMATA, but the funding mechanism would both need to be sufficient to meet the funding amount and meet the needs of the bond rating agencies to give the bonds a favorable rating. WMATA currently issues bonds, but the bond rating they get is not very good in comparison to transit systems that have dedicated funding.

Slightly Modify Maryland's Current Funding Approach: The group's general view on funding provided by Maryland is that the approach of providing funding from the Transportation Trust Fund has been working and that could be slightly modified to meet the requirements of the funding being dedicated.

Strengthen Office of Inspector General: Improving oversight by the WMATA Office of Inspector General (OIG) is important. The group recommends that the OIG be strengthened by giving it more of the powers provided under federal law. The WMATA General Manager's idea of moving the OIG to the U.S. Department of Transportation (USDOT) OIG could make sense. The group also recommends that the office be funded at a fixed percentage of the overall WMATA budget to ensure sufficient funding.

Increase Transparency: The group is also recommending increasing transparency, including: (1) issuing a strategic plan every five years, through a public process; (2) strengthening vital signs reporting, including benchmarking metrics against other transit systems; and (3) a more public capital budget process that includes a five- or six-year projected plan similar to the State's Consolidated Transportation Program (something WMATA is already doing, but that could be strengthened and, if the compact is opened, written into the compact).

Reform the Riders' Advisory Council: The group is recommending reforming the Riders' Advisory Council so that the members are appointed independently (maybe by local jurisdictions) and not by WMATA. Similar to the recommendation for the OIG, the council could be allocated a fixed percentage of the WMATA budget each year.

Restructure the WMATA Board: The group would like the WMATA board to: (1) be more politically accountable; (2) have relevant knowledge and expertise; (3) have more connection to the funding entities; (4) be smaller; and (5) have sufficient staff support. They are recommending having the board consist just of the three jurisdictions' transportation secretaries or their designees, and the local governments and the federal government would have *ex officio* seats. D.C recently began having the D.C. Director of Transportation sit on the board.

Great Progress from Other Proposals: The group's report was put out in June in order to be part of the solution, but there has been a lot of great progress by others since then stepping up to be part of the solution, including the Governor, with his proposal for a bridge funding approach.

Questions and Answers

The following questions were asked by the committee members and other invited legislators, followed by the briefing participants' answers.

Paul Wiedefeld and Chuck Bean

Question: When will federal funding that has been withheld due to the jurisdictions' delay in establishing the Metrorail Safety Commission be restored?

Answer: [Chuck Bean] Mr. Bean believes that USDOT is looking for the commission to be put in operation and when that is done the funding should be restored.

Question: What is the breakdown of the percentage of ridership among the jurisdictions, and the breakdown of funding for WMATA?

Answer: [Paul Wiedefeld] It is roughly 1/3 each, for both ridership and funding.

Question: Has strengthening the WMATA OIG been included in other proposals besides the group of ten Maryland legislators' proposal, and what has the general sentiment been toward that idea?

Answer: [Chuck Bean] COG's focus has been on funding, but when proposals regarding the OIG have come up, they have been generally positively received. Mr. Bean indicated that he thinks there is a productive way forward on the issue.

[Paul Wiedefeld] The OIG works for the WMATA board, not the General Manager. Mr. Wiedefeld is suggesting that the OIG be a part of the USDOT OIG and have it be independent from WMATA.

Question: [directed to Chuck Bean] There was a recent letter in the Washington Post about the way transit is funded in Hong Kong. Do you have any comment on the potential for use of the value capture method to fund Metro?

Answer: [Chuck Bean] COG has not studied that in depth. If value capture is aligned with the idea of taxing value of property adjacent to Metro that is attributed to Metro, analysis of the use of property taxes for funding Metro has been done. Funding through property taxes would be a more problematic method than other options, given the variance in area-specific (property) tax policies in the Metro area. It would be worth pursuing, however.

Question: [directed to Paul Wiedefeld] If the WMATA compact is not going to be reopened, have you thought about ways to increase transparency at WMATA and increase convenience for riders? (Also mentioned OIG's requested budget increase.)

Answer: [Paul Wiedefeld] OIG's budget is set by the WMATA board, not the General Manager, so additional money requested by OIG is the board's decision. The Riders' Advisory Council answers to the board, not the General Manager, but Mr. Wiedefeld thinks there are things WMATA can do internally. He and his top managers meet with the council on a quarterly basis. They are doing more outreach to the customer, through social media and other efforts, but can do more.

Question: [directed to Paul Wiedefeld] Can you describe how the board is structured, what board members are paid, and what their staff situation is?

Answer: [Paul Wiedefeld] It is a 16-member board. Eight members are voting members and there are eight alternates. There are four members each from Maryland, Virginia, D.C., and the federal government. In Maryland, two are appointed by the Governor and two are appointed by Montgomery and Prince George's counties through the

Washington Suburban Transit Commission. In Virginia, the Governor appoints one, the Northern Virginia Transit Commission appoints one, and the two others are decided on by a number of local governments. In D.C., the council approves the members in concert with the mayor. The federal government's members are approved by the USDOT Secretary. In reality, the alternate members have become, in effect, board members, over time, in terms of committee structure, but do not participate in board votes. They are all part-time and board member compensation varies (for some no compensation and others expense reimbursement and/or salary). OIG is in effect the board's staff. The board can put out contracts – have done that in the past, for consultants and things of that sort.

Question: Maryland has never had elected officials on the board, but the other jurisdictions do, traditionally, is that correct?

Answer: [Paul Wiedefeld] Mr. Wiedefeld indicated he believed that was the case.

Question: [directed to Chuck Bean] What has been the reaction of other jurisdictions to one of the suggestions for reform of not allowing for elected officials to be appointed to the board?

Answer: [Chuck Bean] In Virginia, the localities pay into WMATA, so their reaction is that they want to make sure that they have a seat at the table if they are making the investment. As a side note, Mr. Bean indicated that the board's reluctance to support service reductions for maintenance seemed to be related to constituent pressure.

Question: Is a copy available, of the legal opinion Secretary LaHood has indicated his law office has prepared regarding how reforms can be made without a change in the WMATA compact?

Answer: [Paul Wiedefeld] Mr. Wiedefeld indicated that it was his understanding it would be released that day along with Secretary LaHood's formal report.

Question: How much in bond revenue, supported by the $500 million, do you foresee using?

Answer: [Paul Wiedefeld] It would depend on the capital program and the fluctuations in the capital program. Mr. Wiedefeld provided examples of bond proceeds being used for larger capital projects with long lifespans.

Question: So you would be spending beyond the $500 million each year, using bond revenues?

Answer: [Paul Wiedefeld] Yes.

Question: Is it correct that WMATA is the only system in the United States that does not have a dedicated funding source?

Answer: [Paul Wiedefeld] Yes, but only when looking at major rail systems. There are other transit systems that do not have dedicated revenue.

Question: For those major rail systems, is there a predominant way that the dedicated funding is provided?

Answer: [Paul Wiedefeld] COG has done a number of studies, but generally it is a tax (sales, property (value added potentially), fuel).

Question: Is it a correct characterization that Maryland and Virginia are both currently generally on the side of each jurisdiction determining how to provide additional funding that works for them, while D.C. believes it should be a regional sales tax?

Answer: [Chuck Bean] Yes, that is a fair characterization. WMATA is unique from other systems in terms of the multiple jurisdictions involved, which makes it difficult, and requires dialogue between them.

Question: Governor McAuliffe has indicated he would provide dedicated funding in his budget submission. Is it known whether that would be dependent on the other jurisdictions doing the same?

Answer: [Chuck Bean] It is fair to say that only a few people around the Governor know exactly what he will propose in his budget on December 18, but he has been forthright that it will be dedicated funding. Mr. Bean indicated he thinks there is an assumption that there must be some parity from the other jurisdictions to reach the $500 million.

Question: What role could COG play in bringing the three jurisdictions together?

Answer: [Chuck Bean] As a rule of thumb, the smaller the group, the more candid the conversation. If there is a small group with executive and legislative branch representation from each jurisdiction, for candid conversation, the differences in positions might be able to be narrowed in the next few months.

Question: How much of WMATA funding comes from the localities as opposed to the states?

Answer: [Chuck Bean] It is a little different in each jurisdiction. The Northern Virginia counties provide funding.

[Paul Wiedefeld] In Maryland, funding is at the State level, from transportation funding. In D.C., it comes from the general fund. In Virginia, State funding comes generally from transportation funding and city and county funding comes from their general funds. Part of the challenge in the Virginia localities is that WMATA funding is competing against other government funding priorities. That is the reason why those local elected officials in Virginia want to be at the table, because of what it means to their budgets.

Question: When we talk about the current division of contribution rates between the three jurisdictions, is it correct that the Virginia localities' contributions are lumped together with the state's contributions?
Answer: [Paul Wiedefeld] Yes.

Question: Are the Virginia localities' contributions mandated by the state?

Answer: [Paul Wiedefeld] Their amounts are mandated through the compact. The compact is between the three jurisdictions and the federal government, but then, for Virginia, that has been broken down.

Question: Maryland doesn't have an equivalent set up like that?

Answer: [Paul Wiedefeld] No. Maryland used to. Montgomery and Prince George's counties used to be significant providers of funding, but that was changed a number of years ago.

Question: So Maryland's contribution is not coming specifically from the counties, it is coming from the entire Transportation Trust Fund, statewide?

Answer: [Paul Wiedefeld] Yes.

Question: There was a previous six-year capital funding agreement signed by the jurisdictions. Is there some way to use that as a template for funding going forward and what would the pluses and minuses be?

Answer: [Paul Wiedefeld] Virginia localities are wrestling with where to get the additional funding without an additional funding source.

Question: But could each jurisdiction decide on its own how to raise revenues for the capital expenditures?

Answer: [Paul Wiedefeld] Mr. Wiedefeld indicated that his position is that each jurisdiction has its own pressures and they need to figure out in their own jurisdictions what makes the most sense to meet the need. What he's hearing from different jurisdictions is that they don't have the capacity for additional funding any longer. It is a little more straightforward in Maryland, and more complicated in other jurisdictions.

Question: If the jurisdictions could each come up with the funding, could the six-year funding agreement template be followed, providing a predictable funding source for that period of time at least?

Answer: [Paul Wiedefeld] If they could come up with the funding, but apparently they cannot.

Question: The measurement of on-time arrivals increased from 7 out of 10 to 9 out of 10 over the course of a year. Were the metrics used for those two measurements the same or different? Is the way that it's measured a common formula used in other jurisdictions?

Answer: [Paul Wiedefeld] The metrics were not the same and in fact the ones that they are applying now are much tougher. Past metrics did not account for trains that arrived on time but that could not be boarded because they were too crowded. WMATA created a system that measures when riders enter the system and when they leave. They are trying to get eventually to a Waze type of app. They are trying to get more people to use it because that provides more data.

Secretary Rahn

Question: The Governor's funding proposal seemed to indicate a confidence in the $500 million figure, but your recent comments seemed to suggest otherwise, can you clarify that?

Answer: Secretary Rahn indicated that he believes there is high confidence in the $500 million figure over the short-term, but to extrapolate it to a longer period is where he has questions. He would like to have much more involvement with WMATA staff to understand their capital needs. Secretary Rahn and the Governor believe that the $500 million per year figure is legitimate for the four year period.

Question: How did you arrive at four years for the funding plan?

Answer: Secretary Rahn indicated that it was a number that seemed appropriate. The complexity of arriving at a long-term solution suggests it could take a longer period of time to arrive at. Four years should provide an adequate amount of time to reach a solution and if it happens sooner, that would be great.

Question: Would the Governor and executive branch be open-minded to putting together a relatively small group from the different jurisdictions, facilitated by COG, to work through the issues?

Answer: Secretary Rahn indicated that he could not speak for the Governor on whether he would be open to that. Continuing communication between the jurisdictions is going to be important, but he cannot commit to that idea on behalf of the Governor.

Question: Does the Transportation Trust Fund have the capacity to increase the State's contribution to WMATA in the short-term?

Answer: The Transportation Trust Fund is programmed through the Consolidated Transportation Program (CTP) and it is "zero sum". If something is added, something needs to be taken out. To fund the Governor's proposal, it was hoped that there would be something out of the federal government regarding their infrastructure plan, but that has not happened yet. New federal revenues, though, would provide the State the opportunity to address the additional WMATA capital funding need. Otherwise, those resources would need to be taken from other projects within the CTP.

Question: Is it correct that Maryland's payment for operating the Purple Line will be $150 million per year, beginning when it starts operating?

Answer: The availability payment, of roughly $150 million will start once it is open for revenue service, which currently is projected for 2022, but which Secretary Rahn indicated he believes will need to move because of legal issues that have occurred. In the meantime, Maryland has committed $159 million for ongoing expenses for construction and management. Maryland is spending, over the course of the Purple Line's construction, somewhere in the range of $200 million.

Question: Is the availability payment currently in the CTP?

Answer: Yes, it is in the CTP that will be presented to the General Assembly in January, in FY 2023.

Question: How is the potential for the Purple Line to draw some fare revenue away from WMATA being planned for?

Answer: MDOT's calculation is that there will be an increase in Metro riders that will come from the Purple Line that will outweigh the loss in ridership from Metro to the Purple Line, resulting in a net positive effect of 7,000 riders on Metro fare revenue. There will also be the opportunity for the Purple Line to replace WMATA bus routes running along the same path and result in WMATA savings.

Question: Does MDOT face some of the same constraints that WMATA is looking to overcome through competitive contracting, switching new employees to defined contribution retirement plans, and changing binding arbitration parameters?

Answer: Yes, MDOT does.

Question: Are you looking at making the same changes, or is MDOT on the same track as WMATA?

Answer: MDOT is restricted by federal requirements, to some extent, in making changes.

Question: Why is Maryland's approach for new WMATA capital funding better than the other approaches outlined in the briefing?

Answer: It provides an opportunity to take an in-depth look at what the costs are. It is also insisting that the federal government provides its share.

Question: Is it correct that because Maryland's approach is for a shorter period of time, it allows the outcome of that funding to be monitored?

Answer: Yes, it does. And the Governor has said he is not going to raise taxes. But the Governor's plan is revenue-agnostic for other jurisdictions. Maryland's revenue would have to come out of the Transportation Trust Fund and they are hopeful for additional federal revenues to the fund.

Delegate Korman

Question: [Statement thanking Delegate Korman and others for their work on the issue and expressing opposition to a regional sales tax and the burden it would place solely on Montgomery and Prince George's counties as opposed to the State as a whole.]

Answer: Delegate Korman indicated that there are also questions about a regional sales tax in Virginia, since Virginia residents would end up providing a greater amount of funding through the tax than Virginia currently contributes.

Interstate Compacts

Annual Interstate Compact Review

The committee annually conducts a review of Maryland's membership in various interstate compacts, covering compacts over a four-year cycle. The review focuses on whether Maryland's membership in the compacts continues to serve the interests of the State and/or whether any legislative modifications are needed. Committee staff sent questionnaires to the State agencies involved and prepared summaries of the agencies' responses for review by the committee members for the following interstate compacts:

- Appalachian States Low-Level Radioactive Waste Compact;
- Interstate Corrections Compact;
- Interstate Agreement on Detainers;
- Driver's License Compact;
- Interstate Commission on Educational Opportunity for Military Children;
- Interstate Insurance Product Regulation Compact;
- National Crime Prevention and Privacy Compact; and
- National Racing Compact.

The State agencies involved with each of these compacts indicated that Maryland's membership in the compacts continues to serve the interests of the State and that no legislative modifications are needed.

Interstate Compact-Related Contingent Laws

Each interim, Department of Legislative Services (DLS) staff review changes to State law that were made contingent on some other action(s) occurring before the changes take effect, to determine whether those action(s) have occurred. During the 2017 interim, DLS staff approached the chairs of the committee about potentially introducing legislation to repeal or modify certain contingent changes relating to interstate compacts, given the committee's traditional role of reviewing interstate compacts, that have gone a long period of time without taking effect and were potentially obsolete.

With the chairs' agreement, DLS staff further researched five such contingent changes, including contacting the relevant State agency that handles each applicable interstate compact to get the agency's view on whether the changes are obsolete and appropriate for nonsubstantive, code revision-type legislative action to repeal or modify the changes. In the case of three of those changes, the relevant State agencies involved did not support legislative action at this time, but those changes may make sense to revisit in later interims. The remaining two changes, however, described below, appear to be appropriate for legislative action during the 2018 session. The chairs of the committee have agreed to introduce legislation that would implement the proposed actions.

Proposed Actions

References to Maryland Department of Planning in WMATA Compact: Repeal the contingency in Chapter 209 of 2000, allowing it to take effect. Chapter 209 of 2000 makes a minor technical change to the WMATA Compact, redesignating the Maryland "Office of Planning" as the "Department of Planning" in Article VI, §§ 14(c)(3) and 15(a)(10) of the compact, to reflect the agency's current name. Contingent language in Chapter 209, however, has prevented it from taking effect.

Northeast Interstate Dairy Compact: Repeal Chapter 226 of 1998 (which enacts the Northeast Interstate Dairy Compact). Chapter 226 has not taken effect because of contingent language included in the chapter law and the compact has not been in operation in other states since congressional consent for the compact expired in 2001.