

QUESTION 1: CONSTITUTIONAL AMENDMENT

Transportation Trust Fund – Use of Funds

Chapter 422 of 2013 (Senate Bill 829)

Summary

This proposed constitutional amendment would require that funds in the State Transportation Trust Fund be used only for transportation purposes and prohibit transfers from the Transportation Trust Fund unless the Governor declares a fiscal emergency by executive order and the General Assembly passes legislation by a supermajority vote approving a different use or a transfer of the funds.

The Transportation Trust Fund is a special fund that is separate from the State's General Fund. The General Fund consists of revenues collected by the State that are not dedicated by law to any specific purpose; a special fund consists of revenues, the use of which are statutorily limited as to purpose. The Transportation Trust Fund is used to finance operating and capital expenses for highway, transit, aviation, port, and motor vehicle services and projects. The primary sources of funding for the Transportation Trust Fund are motor fuel taxes, motor vehicle excise taxes, motor vehicle registration and licensing fees, federal funds, bond proceeds, rental car sales taxes, a portion of the State's corporate income tax, and revenues from transit, port, aviation, and motor vehicle operations.

The proposed amendment generally requires that funds in the Transportation Trust Fund be used only to pay the principal of and interest on transportation bonds and for construction and maintenance of an adequate highway system or any other purpose related to transportation. Funds in the Transportation Trust Fund generally may not be transferred to the General Fund or a special fund of the State.

However, the proposed amendment allows funds in the Transportation Trust Fund to be used for a purpose not related to transportation or transferred to the General Fund or another special fund of the State if the Governor, by executive order, declares that a fiscal emergency exists and the General Assembly passes legislation by a three-fifths majority in each House (i.e., at least 85 affirmative votes from the 141 members of the House of Delegates and at least 29 affirmative votes from the 47 members of the Senate of Maryland) that approves a different use or a transfer of the funds.

The proposed amendment does not apply to an allocation or use of funds in the Transportation Trust Fund for counties, municipalities, or Baltimore City for transportation purposes that is authorized by State law or a transfer of funds from the Transportation Trust Fund to the Maryland Transportation Authority or the Maryland Transportation Authority Fund.

Current State law prohibits a transfer or diversion of funds from the Transportation Trust Fund to the General Fund or a special fund of the State unless the transfer or diversion is approved by the General Assembly through legislation passed by a three-fifths majority vote of the full standing committee assigned the legislation in each House. A requirement that legislation be passed by a supermajority vote of the full membership of each House of the General Assembly may only be imposed through a constitutional amendment. Accordingly, this proposed constitutional amendment would require that legislation authorizing a transfer from the Transportation Trust Fund also be approved by a three-fifths vote of the full membership of each House of the General Assembly.

Current law also requires that before legislation authorizing a transfer or diversion of funds from the Transportation Trust Fund may be enacted, the State Treasurer must advise the Governor and the General Assembly of the potential impact of the transfer or diversion on the credit rating of bonds or other debt instruments issued by the Department of Transportation. A transfer or diversion is prohibited if it would cause the credit rating of the Department's bonds to be downgraded or cause the Department to fail certain debt coverage tests. Any funds transferred or diverted from the Transportation Trust Fund to the General Fund or a special fund of the State must be repaid within five years. These requirements would remain in effect, notwithstanding the adoption of this proposed constitutional amendment.