



Meeting Agenda

November 6, 2023 2:00 p.m. – 4:00 p.m.
Appropriations Committee Hearing Room
Room 120, House Office Building, Annapolis, Maryland

1.	Opening Remarks	Frank J. Principe <i>Chairman</i>
2.	Fees on Electric and Hybrid Vehicles	Deron Lovaas <i>Maryland Department of Transportation</i> Colleen Turner <i>Michael Baker International</i> Christine Nizer <i>Maryland Department of Transportation</i>
3.	Tolling in Maryland	Deborah Sharpless <i>Maryland Transportation Authority</i> Carrie Cook <i>Department of Legislative Services</i> Richard Duncan <i>Department of Legislative Services</i>
4.	Closing Remarks	Frank J. Principe <i>Chairman</i>

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AGENDA ITEM 1

VERBAL

AGENDA ITEM 2

Electric Vehicle Fee Study

Maryland Commission on
Transportation Revenue and Infrastructure Needs

Deron Lovaas, Maryland Department of Transportation (MDOT)
Colleen Turner, Michael Baker International (MBI)

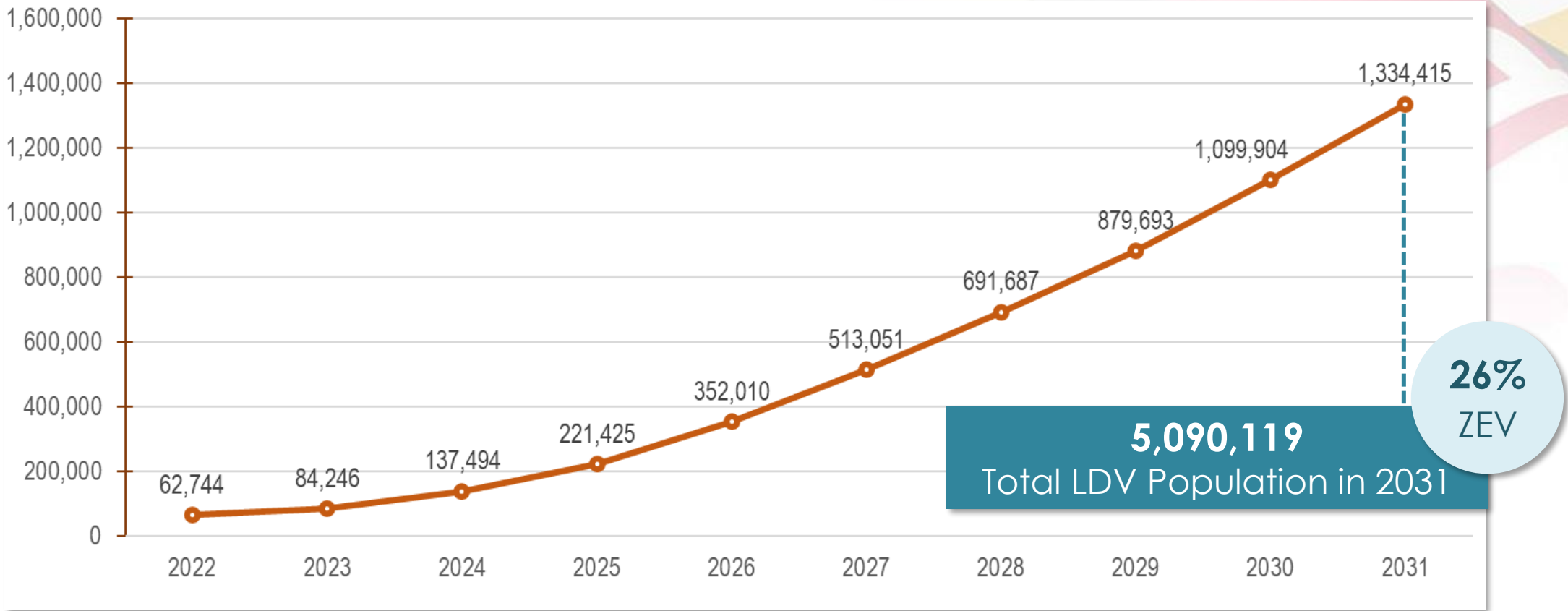
November 6, 2023

2023 Joint Chairmen's Report (JCR) Request

“The committees request that the Maryland Department of Transportation (MDOT) submit a report on the fees that other states impose on zero- and low-emission (e.g., hybrid-electric) vehicles and the revenue raised by each fee, along with an identification of any studies that have been done on the impact such fees have had on zero- and low-emission vehicle purchases. The report should be submitted by September 1, 2023.”

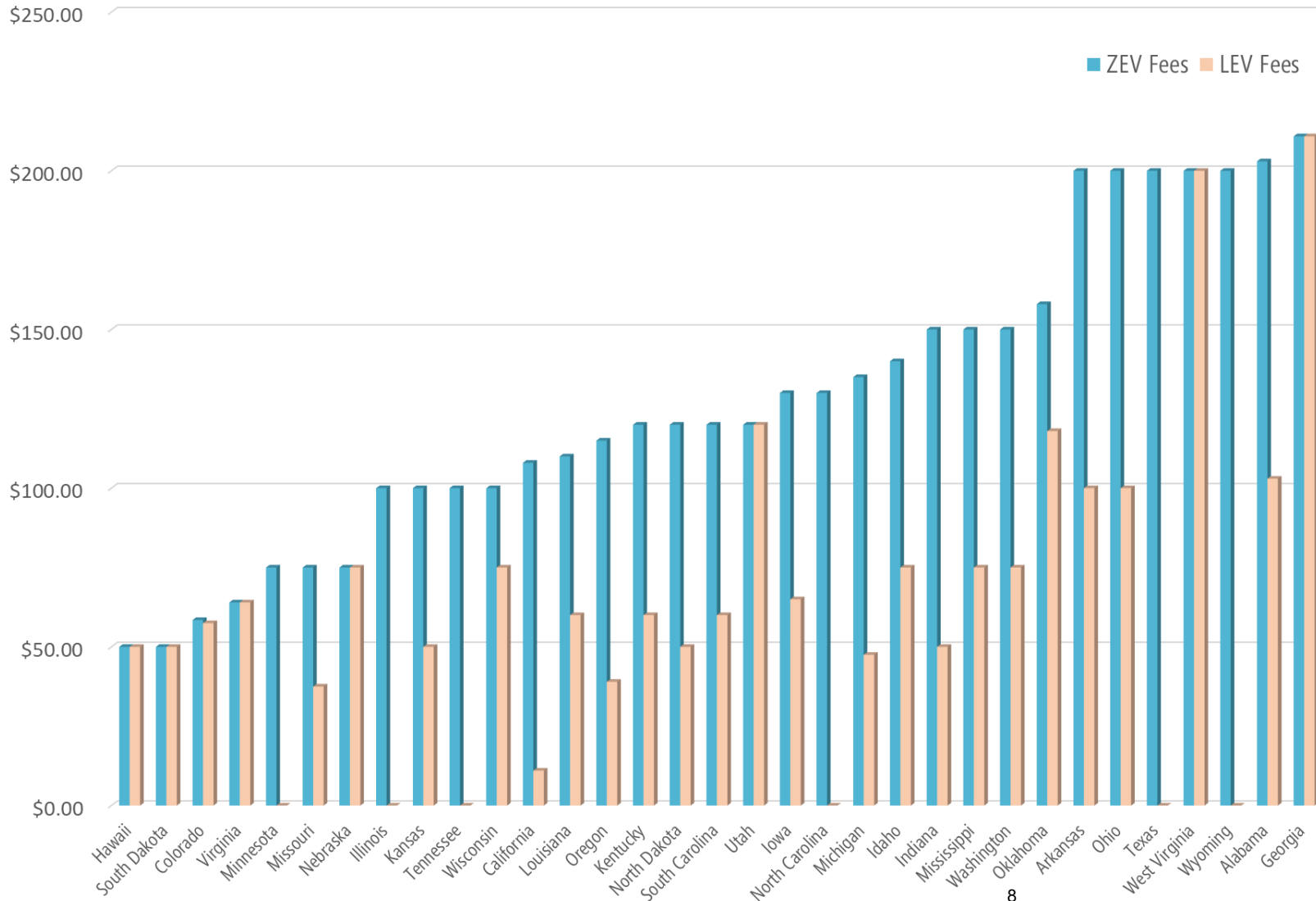
(2023 JCR, p. 70)

Projected ZEV Registrations in MD



ZEV: Zero-Emission Vehicle, e.g., Battery Electric
LEV: Low-Emission Vehicle, e.g., Plug-In Hybrid
LDV: Light-Duty Vehicle, e.g., Passenger Cars and Trucks

ZEV / LEV Fees by State



ZEV Fees

\$50

[HI, SD]

≥\$200

[AL, AR, OH, TX, WV, WY]

\$210.87

[GA]

\$128
Avg.

LEV Fees

\$0

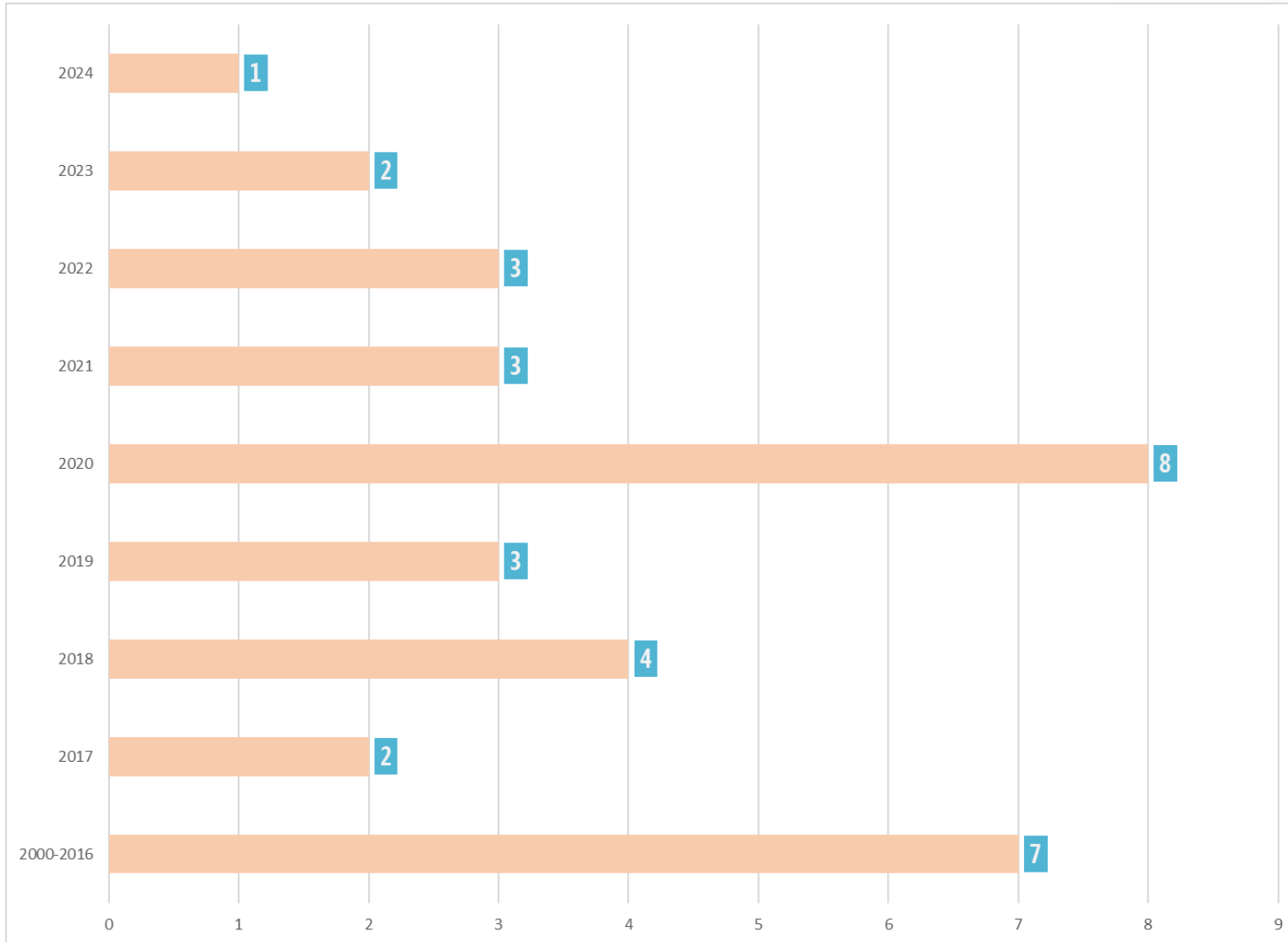
[IL, MN, NC, TN, TX, WY]

\$210.87

[GA]

\$63
Avg.

ZEV / LEV Fee Adoption by Effective Year



51%

Effective in or after 2020

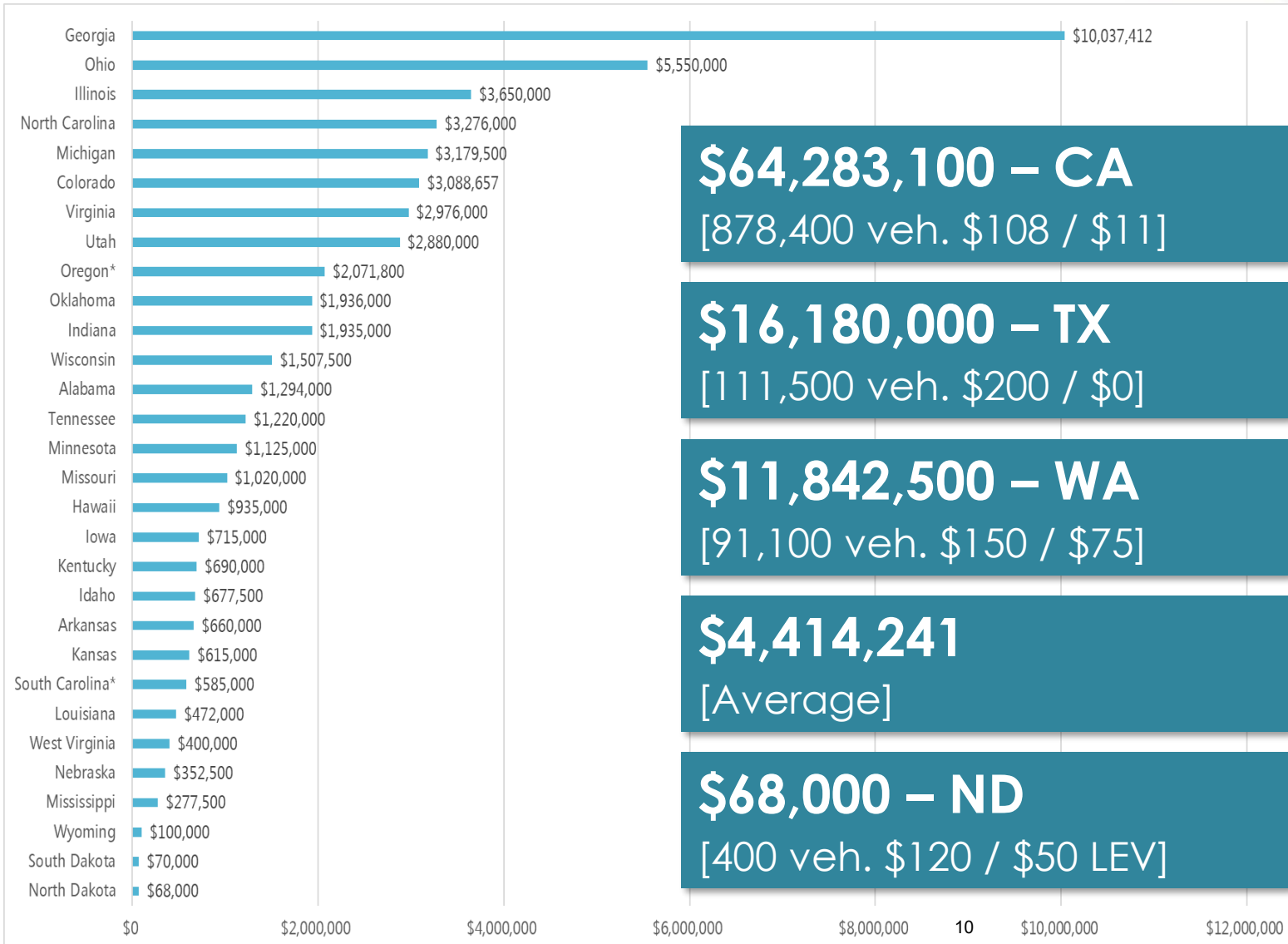
Earliest – 2000

Missouri [Updated in 2021]

Most Recent – 2024

Kentucky [Jan. 1, 2024]

Estimated Gross Revenue Raised - 2021



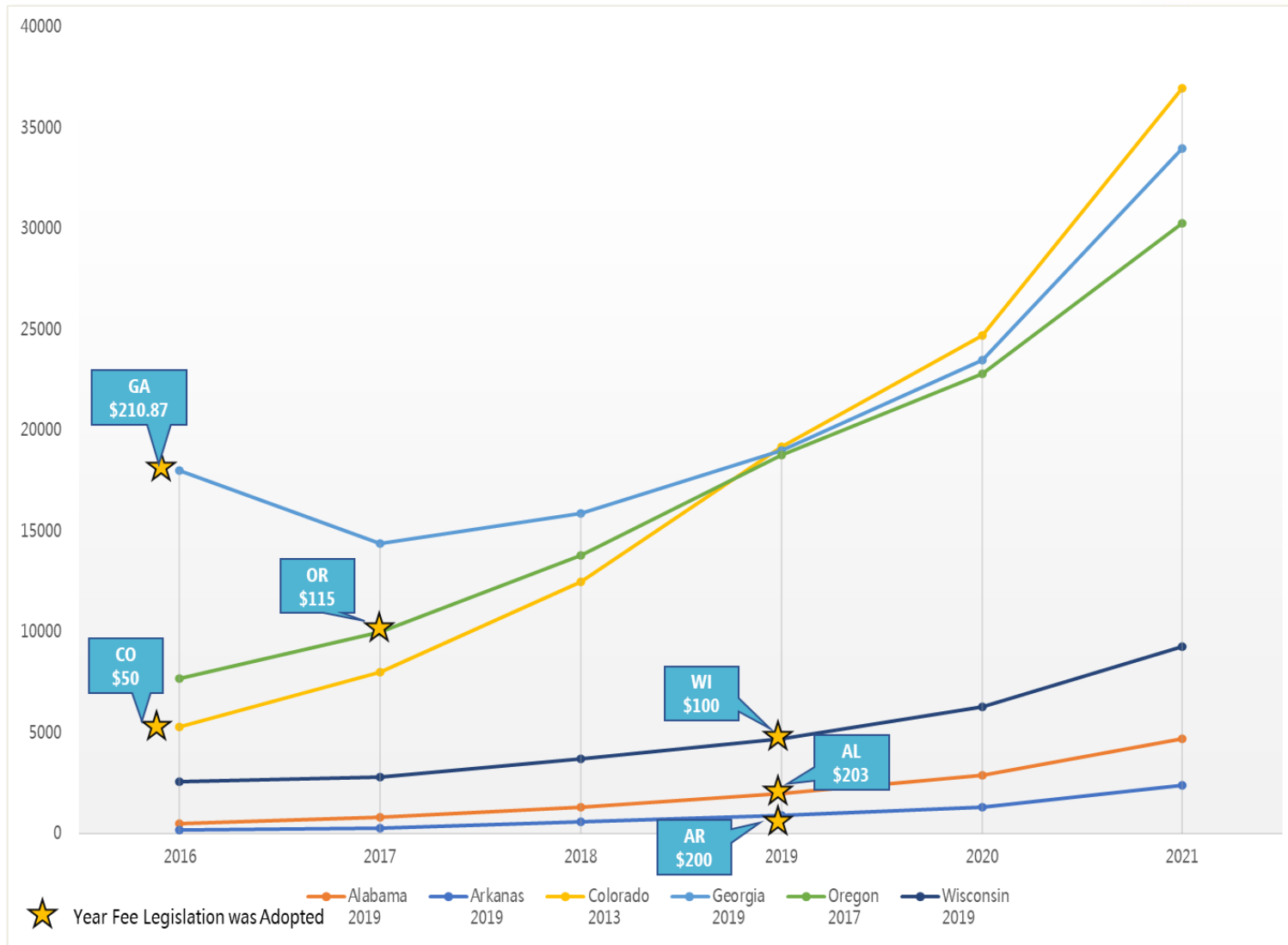
Registration x Fee

Excluded Costs:

- Mileage Based User Fee (MBUFs)
- Fee Administration
- Incentives

MD gross gasoline tax revenue in FY 21 = **\$860,696,956**

Impact of ZEV Fees on Registration



LOW
[\$50 - CO]

MID
[\$100 WI | \$115 OR]

HIGH
[≥\$200 AL, AR, GA]

EV Fee Impact Studies

- [Revenue Impact from Electric and Hybrid Vehicles](#)
NC First Commission, 2020
- [Planning for State Transportation Revenue in a Coming Era of Electric Vehicles](#)
National Governors Association, 2020
- [Rising Trend of Punitive Fees on Electric Vehicles Won't Dent State Highway Funding Shortfalls but Will Hurt Consumers](#)
Consumer Reports, 2019

EV Fee Impact Studies

- [Transportation Electrification: States Rev Up](#)
National Governors Association, 2019
- [Assessing Alternatives to California's Electric Vehicle Registration Fee](#)
University of California Institute of Transportation Studies, 2019
- [The Economic Opportunities of Electric Vehicles in Georgia](#)
Plug In America, 2017

Considerations



Propulsion

- Vary Fees Based on Vehicle Tech.
 - Alternative Fuels [SC, UT, VA, WV]
 - Battery Capacity [OK,OR]



Indexing / Planned Increases

- Explore changes to fee over time.
 - Index to inflation. [MS]
 - Plan increases. [AL, MO]



Other Fees

- Combine with other fees, e.g., mileage-based fees. [OR]
- Offer users a choice. [HI]



Equity

- Study impacts on all vehicle owners.
- Explore alignment with Justice40.
- Explore alignment with Maryland Commission on Environmental Justice & Sustainable Communities



Emissions & ZEV Growth

- Understand impacts on companion policies and legislation.
 - Climate Solutions Now Act.
 - Advanced Clean Cars II.
 - Maryland's Climate Pathway.



Thank You

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Electric Vehicle Fee Options

November 6, 2023



Vehicle Registration Fees

- Marylanders register their cars and most other vehicles for two years at a time.
- Current biennial registration fees for personal vehicles are \$101 or \$153, depending on the class and weight of the vehicle.
 - Vehicle weight classifications are differentiated based on shipping weights of up to, or more than, 3,700 pounds.
- In addition to the registration fee, a biennial surcharge amount of \$34 is imposed, which includes \$29 for the Maryland Emergency Medical Services Operations Fund and \$5 for the Maryland Trauma Physician Services Fund.
 - These revenues go directly to supporting Maryland's emergency medical services system, including medevac helicopters, ambulances, fire equipment, rescue squads, and trauma units. The Transportation Trust Fund does not receive any revenue from this surcharge.
- Add-on registration fees are imposed for personalized (vanity) tags, special registrations, commemorative tags, and organizational tags.
 - Revenues from the add-on registration fee for the purchase of the Chesapeake Bay or Agricultural plates go to the Chesapeake Bay Trust or the Maryland Agricultural Education Foundation, respectively.



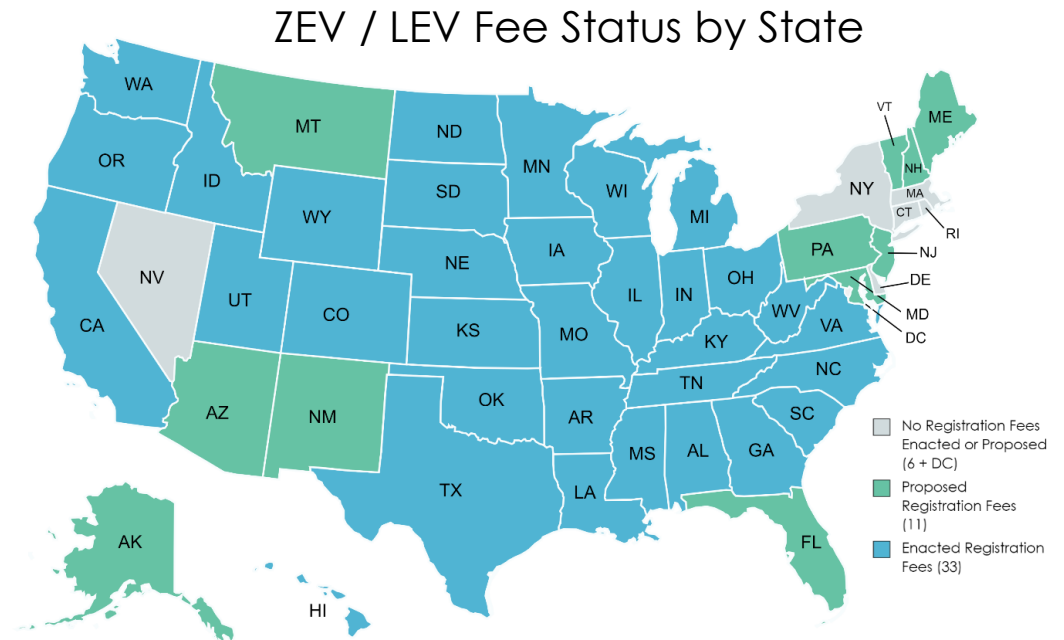
Vehicle Registration Revenue

- In FY 2025, vehicle registration revenues is estimated at \$414 million.
- In accordance with State law, the following statutory deductions are deducted from this amount
 - Funding for the Automotive Safety Enforcement Division and the Commercial Vehicle Safety Division of the Maryland State Police (\$54 million in FY 2025)
 - Funding to support hazardous materials safety inspectors at the Maryland Department of Environment (\$0.6 million in FY 2023)
- Of the remaining \$360 million:
 - \$65 million will be paid to local governments through highway user grants
 - The remaining \$295 million will be retained by MDOT for statewide transportation needs



Actions Implemented in Other State

- 33 states have adopted fees on battery electric vehicles
- 27 states have adopted fees on both battery electric vehicles and alternative fuel vehicles (i.e. hybrid-electric, hydrogen, and natural gas)
- The majority of states adopted a flat fee amount
- Fees may vary by fuel source, weight, and fuel efficiency





Considerations

- The ability to estimate revenue from these various fee options is sometimes limited based on the availability and reliability of data sources
- Should registration fees allow for annual payments to reduce impact on vehicle owners?
- Should vehicle weight be factored in to improve cost recovery of the vehicle's impact on the roadway?
- Should high-MPG gas vehicles be factored in?
- What is the appropriate amount for Hybrid/PHEV/EVs to pay in lieu of gas taxes?
- How should climate and equity goals be factored in?



Options

Pricing Mechanism	Scenario	Scenario
1. Fuel Source	<ul style="list-style-type: none">Institute an additional, flat fee for <i>PHEV and EV</i>	<ul style="list-style-type: none">Implementable in the near-termNew revenue to replace motor fuel tax loss
2. Weight	<ul style="list-style-type: none">Institute an additional, flat fee for <i>very heavy vehicles</i>	<ul style="list-style-type: none">Potentially implementable in the near-term if accurate vehicle weights are maintainedNew fee for vehicles weighing over [7/8,000]
3. Fuel Source	<ul style="list-style-type: none">Institute an additional, flat fee for <i>Hybrids</i> (non-PHEV and EV)	<ul style="list-style-type: none">Potentially implementable in the near-term if vehicle classifications include hybrids with no plug-in
4. Fuel Economy	<ul style="list-style-type: none">Additional fees based on MPG for <i>gas vehicles</i>	<ul style="list-style-type: none">Requires additional due diligence to understand MPG vehicle data and pricing strategiesCould be used to increase fee for high MPG gas vehicles that currently pay below the annual average
5. Administrative	<ul style="list-style-type: none">Allow for annual registration payments	<ul style="list-style-type: none">Investigate impacts of collecting vehicle registration payment on an annual basis



Methods for Rate Setting

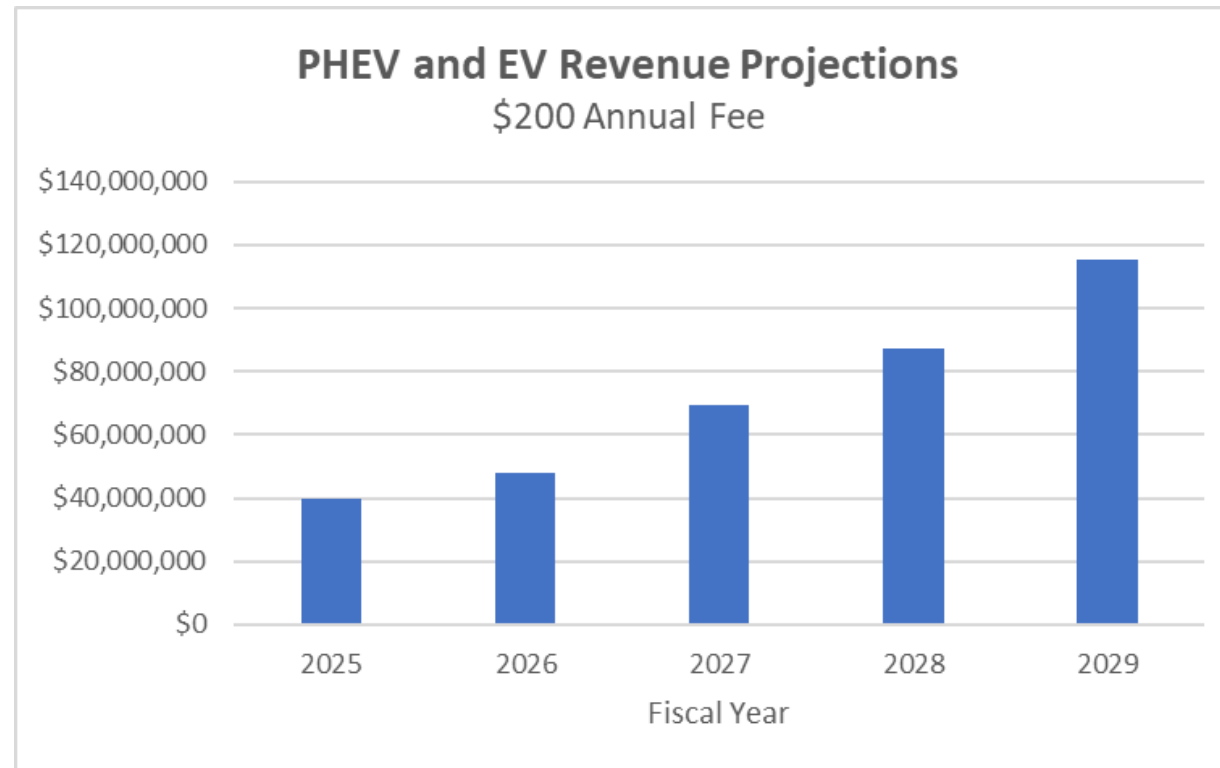
1. Average annual motor fuel tax payments

(47 Cents)	Average MPG				
Annual Mileage	15	20	25	35	45
10,000	\$313	\$235	\$188	\$134	\$104
12,000	\$376	\$282	\$226	\$161	\$125
14,000	\$439	\$329	\$263	\$188	\$146

2. Proxy for average annual gas tax payment by Maryland vehicle owners
Total Motor Fuel Tax Revenue / Total MD Registrations = \$220



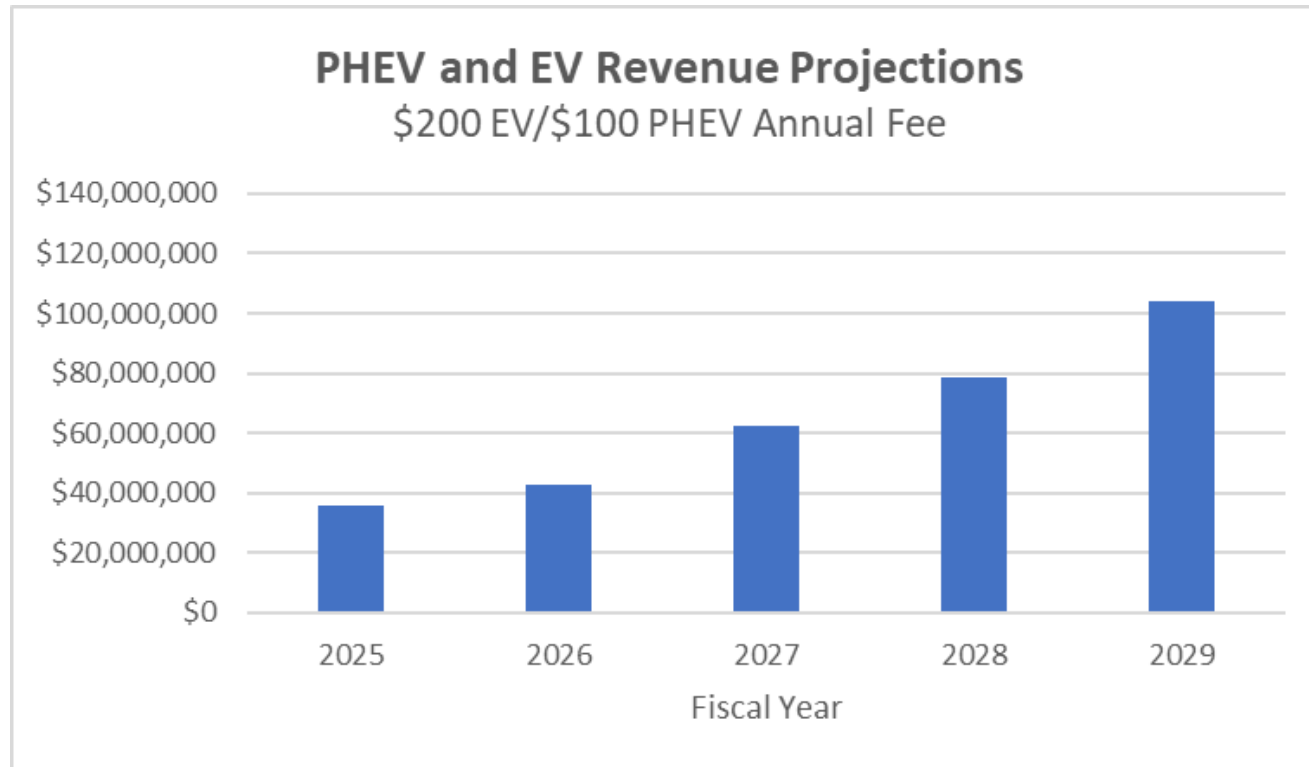
Option: Flat Fee of \$200 for EV and PHEV



Note: Estimate assumes Maryland reaches its goal of 600,000 EV registrations by 2030. Estimate is based on revenues received in each fiscal year using the current biannual registration process and may not reflect annual EV vehicle registrations.



Option: Flat Fee of \$200 for EV and \$100 for PHEV



Note: Estimate assumes Maryland reaches its goal of 600,000 EV registrations by 2030. Estimate is based on revenues received in each fiscal year using the current biannual registration process and may not reflect annual EV vehicle registrations.

AGENDA ITEM 3



Maryland Commission on Transportation Revenue and Infrastructure Needs

MDTA Overview
November 6, 2023



Maryland
Transportation
Authority

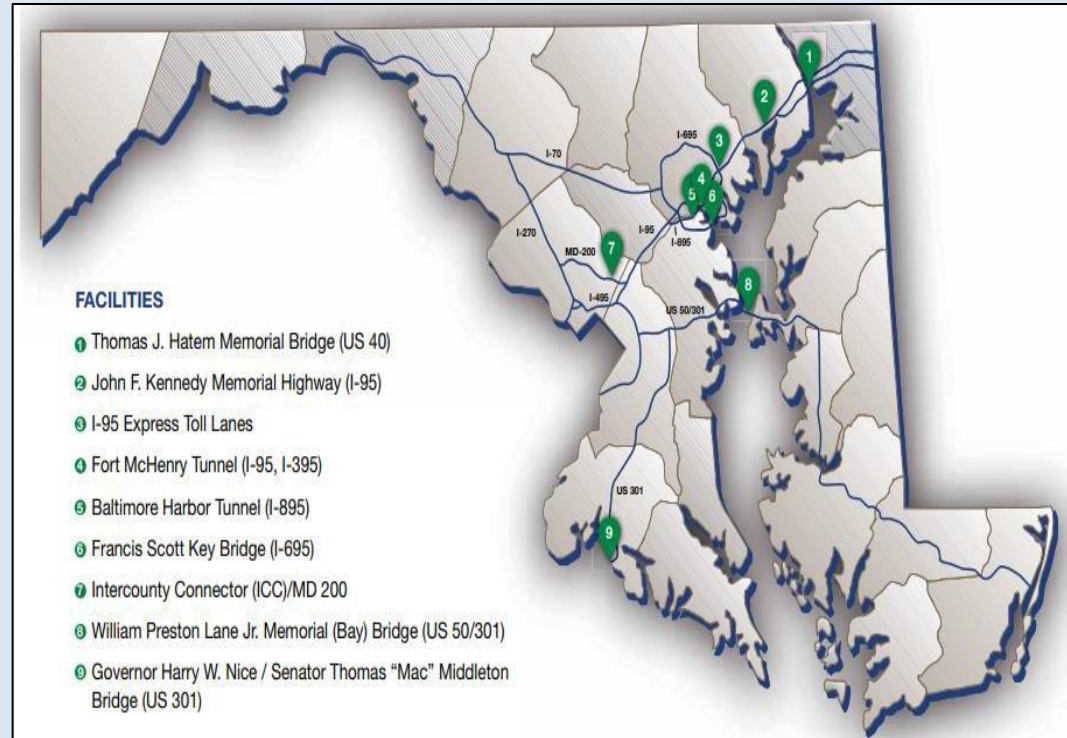
Introduction & Agenda

Since 1971, the MDTA has been responsible for constructing, managing, operating and improving the State's nine toll facilities, consisting of mature, diversified high-volume signature bridges, tunnels, and highways that are major interstate and U.S. routes.

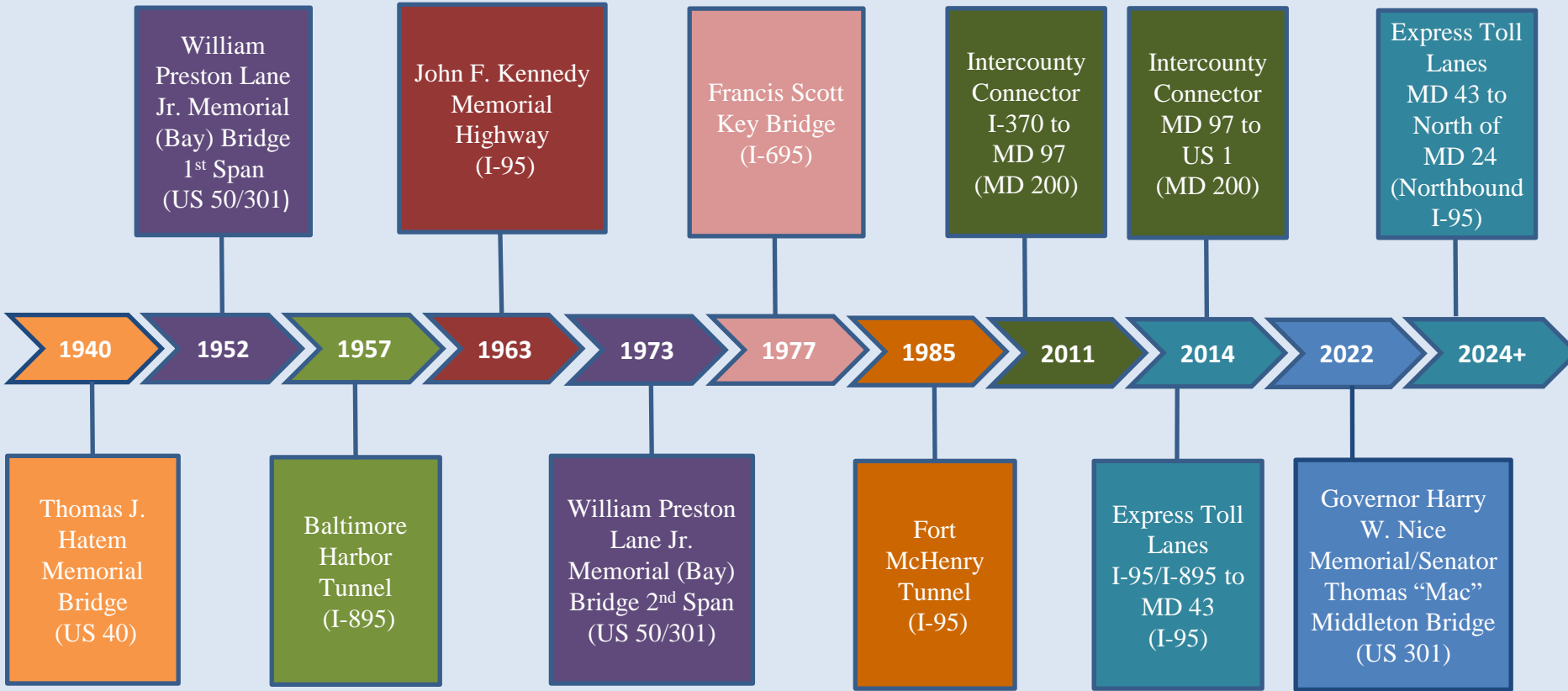
Today's Presentation

- Toll Facilities
- Revenue & Transactions
- Toll Payment Methods
- Discount Options
- Operating & Capital Budgets
- Governance
- Financial Structure
- Key Takeaways
- Q&A

Supplemental information is provided in the appendix



Toll Facilities



- Nine facilities span 712 interstate and U.S. route lane miles and account for 35% of State-owned bridge deck area
- Combined average age of existing facilities is approximately 42 years
- Most infrastructure was originally designed for a 50-year service life

Toll Facilities (continued)

- **John F. Kennedy Memorial Highway (I-95)**
 - Northeast Baltimore City to Delaware state line
 - Tolls collected northbound, north of Susquehanna River
 - Express Toll Lanes (ETL) from Baltimore City to White Marsh
- **Thomas J. Hatem Memorial Bridge (US 40)**
 - Spans Susquehanna River between Havre de Grace and Perryville
 - Tolls collected eastbound, southwest of the Susquehanna River
- **Fort McHenry Tunnel (I-95)**
 - One of the world's widest underwater vehicular tunnels, connecting the Locust Point and Canton areas of Baltimore under the Patapsco River
 - I-395 and I-95 within Baltimore City limits
 - Tolls collected in both directions just north of the tunnel
- **Baltimore Harbor Tunnel (I-895)**
 - Crosses under Patapsco River and includes approach roadways connecting to I-95, I-97, and MD 2
 - Tolls collected in both directions just south of the tunnel



Toll Facilities (continued)

▪ Francis Scott Key Bridge (I-695)

- Baltimore Beltway southern segment that crosses over the Baltimore Harbor
- Approach roadways, Bear Creek bridges and drawbridge over Curtis Creek
- Tolls collected in both directions just north of the Key Bridge



▪ William Preston Lane Jr. Memorial (Bay) Bridge (US 50/301)

- Crosses the Chesapeake Bay, connecting Maryland's Eastern and Western Shores near Annapolis
- Two main spans comprising suspension, through-truss, cantilever, deck truss, steel girder, and concrete beam spans
- Tolls collected eastbound on the Eastern Shore side



▪ Governor Harry W. Nice Memorial/Senator Thomas "Mac" Middleton Bridge (US 301)

- Spans the Potomac River between Newburg, Maryland and Dahlgren, Virginia
- Tolls collected southbound in Maryland



▪ Intercounty Connector (MD 200)

- East/West connection between Montgomery and Prince George's counties; I-370 to US 1
- First highway in Maryland to utilize 100% electronic toll collection (no toll plazas/no cash accepted)



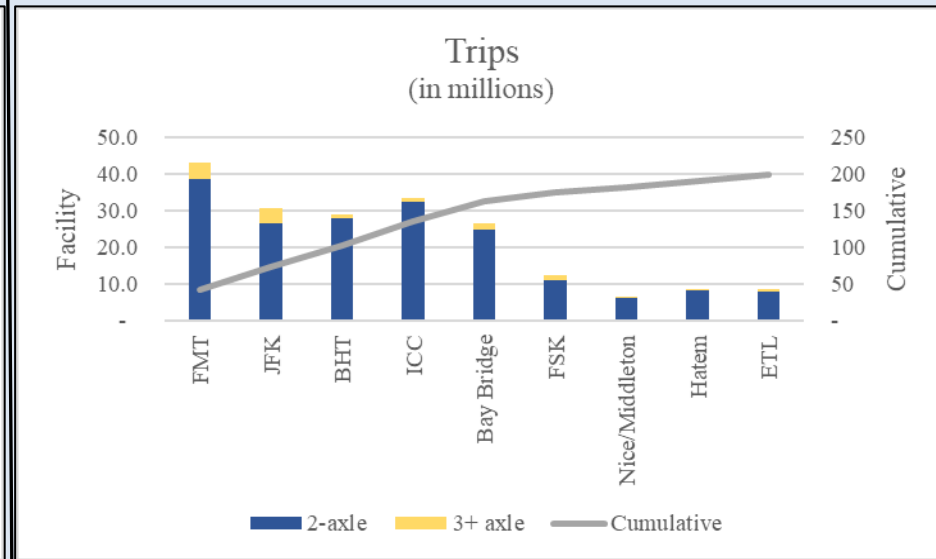
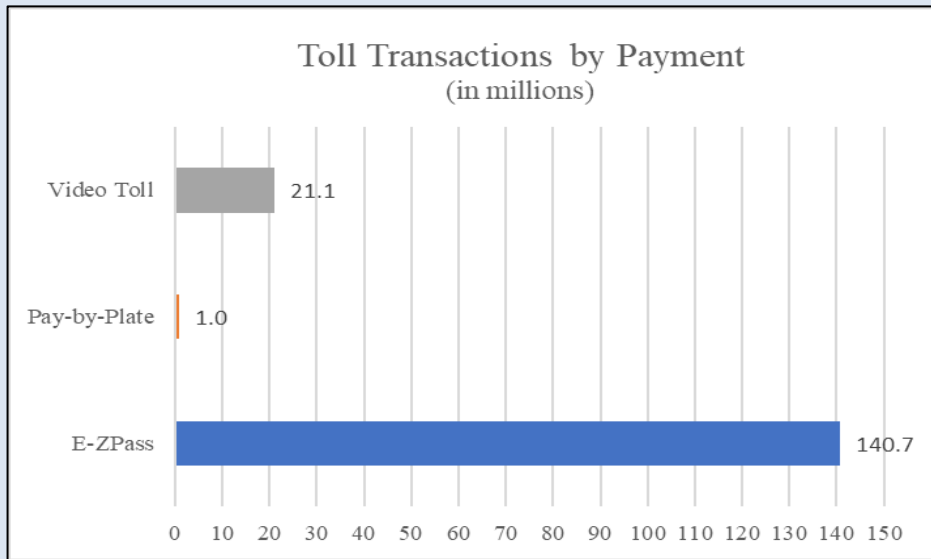
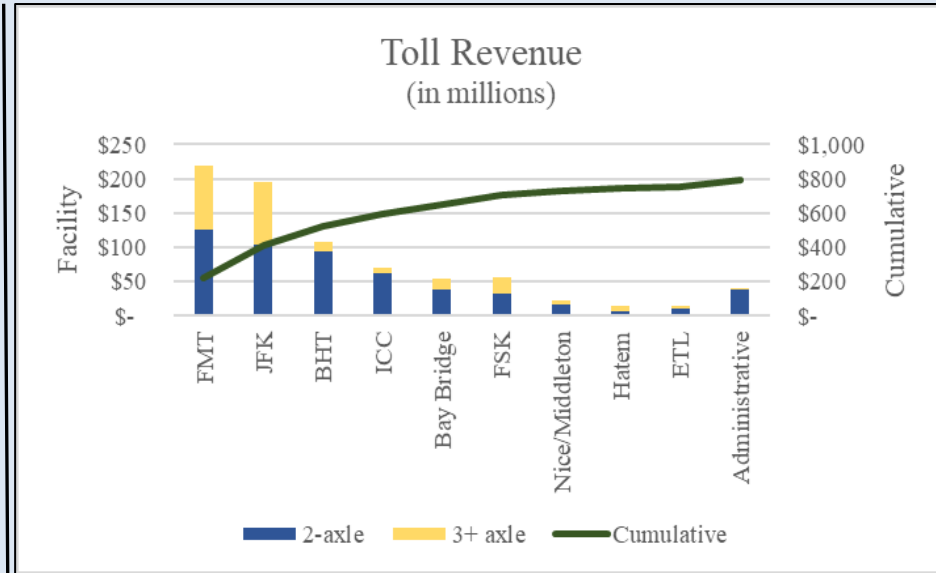
Revenue & Transactions

Fiscal Year 2023 Financial Statements

	Revenue	Transactions
	\$797M	163M
2-axle	67%	93%
3+ axle	33%	7%

Variance Driven by:

- 2-axle Discounts
 - Most *E-ZPass*® commuters receive a 65% discount, among the nation's most generous
 - *E-ZPass* Maryland account holders receive a 25% discount with a properly mounted transponder
- 3+ axle
 - Toll rates are a multiplier of the 2-axle rate



Toll Payment Methods

Payment Methods Available to Customers

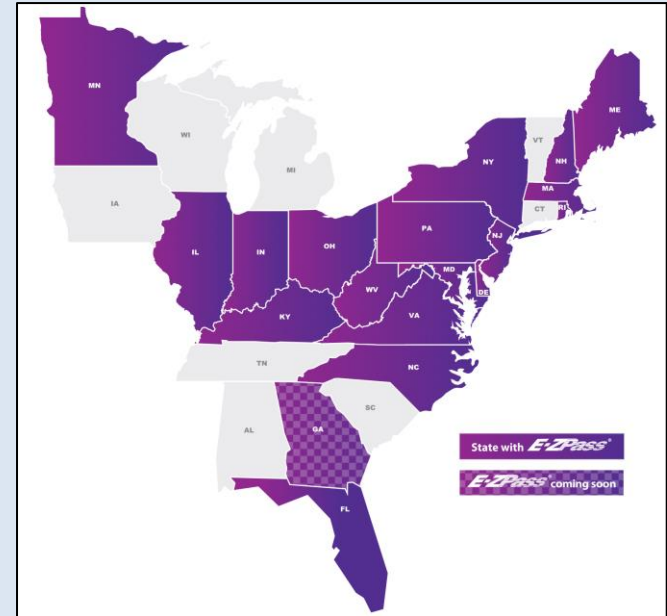
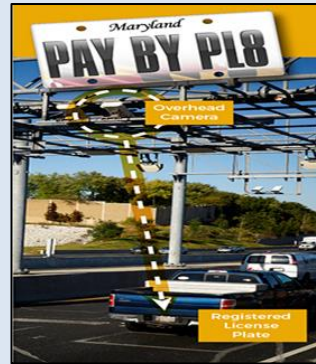


E-ZPass

- Largest, most successful interoperable toll collection program in the world
- Customers sign-up for pre-paid accounts and utilize a transponder mounted on their vehicle to pay their tolls; accounts can be replenished by cash, check, ACH, or credit card

Pay-By-Plate

- License plate image is captured, and system charges the toll directly to pre-registered credit card
- Toll rate: full/base *E-ZPass* toll rate



Video Tolling

- A license plate image is captured, and vehicle owner is mailed a Notice of Toll Due (invoice)
- Video Toll Rate: 1.5x full/base *E-ZPass* toll rate
- 15% discount (up to \$5) available to customers who pay toll prior to mailing the NOTD



E-ZPass Maryland Discount Options

Properly Mounted Transponder Required

■ 2-axle Vehicles

- Regional (Commuter) Plans
 - 25 round trips within 45 days
- Hatem Bridge Plan
 - \$20.00 Annually Unlimited Trips
- Bay Bridge Shoppers Plan
 - 10 trips within 90 days \$20.00
 - Valid Sunday - Thursday
- E-ZPass Maryland
 - 25% discount

Regional (Commuter) Plans

Commuter Plan (round trip)	Base Rate	Discount Rate	Discount v. Full-Fare	FY 2023 Customer Savings
Harbor Crossings & JFK/Hatem	\$8.00	\$2.80	65%	\$49.8M
Bay Bridge	\$4.00	\$1.40	65%	\$6.4M
Nice/Middleton Bridge	\$6.00	\$2.10	65%	\$2.1M

E-ZPass Maryland

FY 2023 Transactions	Tolls Paid	Customer Savings
40.1M	\$129.5M	\$43.2M

Post-Usage Rebate

Discount	Tolls Paid per Account
10%	\$150.00 to \$1,999.99
15%	\$2,000 to \$7,500
20%	Over \$7,500

■ 3+ axle Vehicles

- Post-Usage & Supplemental Rebates
 - 5+ axle vehicles
 - Rebate per month
 - All facilities, except ICC & I-95 ETL
- Hatem Bridge
 - 3 & 4-axle vehicles
 - 30% discount
- Harbor Tunnel/Childs Street & Key Bridge/Bear Creek
 - 3+ axle
 - \$2.00 per axle
 - 25% to 60% discount

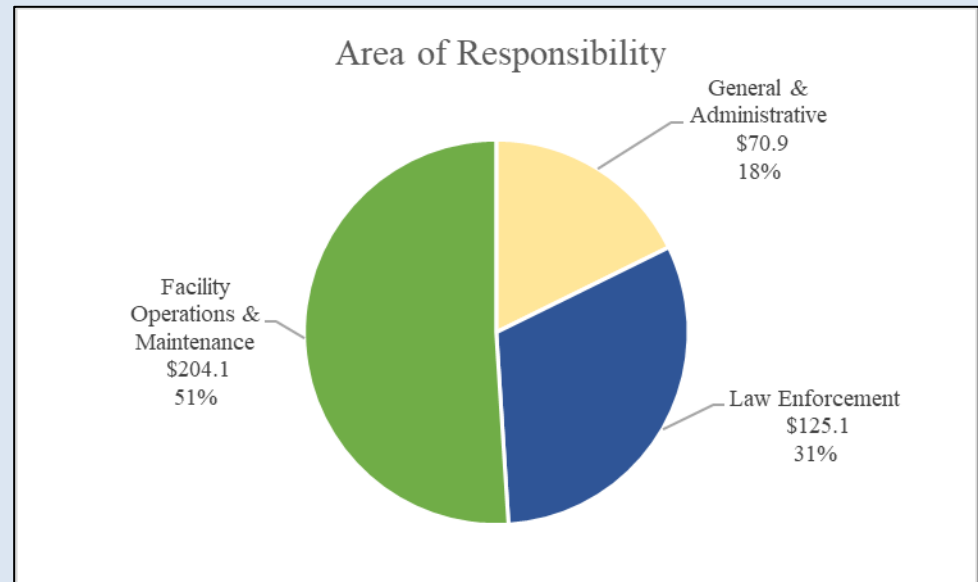
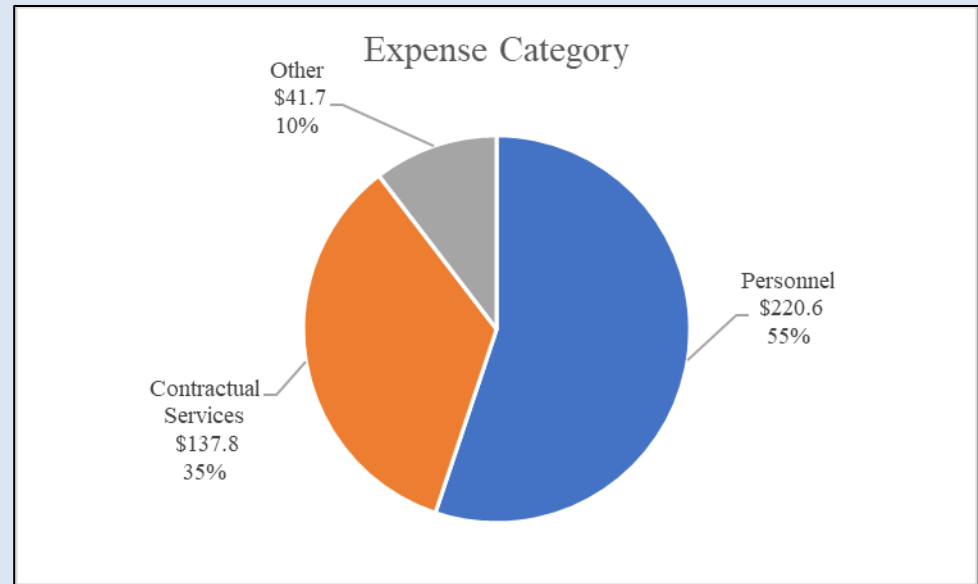
Supplemental Rebate

Discount	Trips per Transponder
10%	60-79
15%	80-99
20%	100 or more



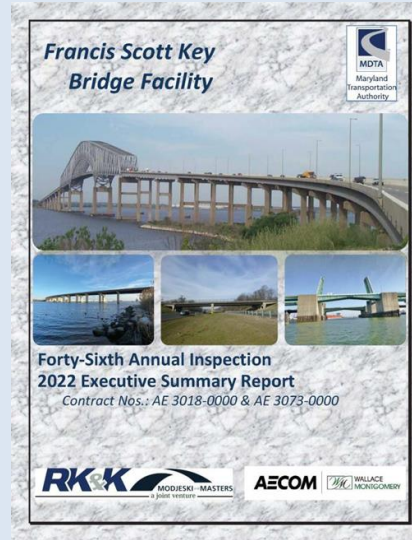
Operating Budget

- Final FY 2024 Operating Budget totals \$400.1 million
- Significant budget drivers include:
 - Personnel expenses for 1,697 dedicated employees, including 477 sworn officers
 - Infrastructure repairs, annual bridge and tunnel inspections, and on-call repairs resulting from inspection findings
 - Tolling (roadside system, back-office & Service Center costs), credit card fees, and transponders



Proposed Final FY 2024-2029 CTP (Capital Budget)

- 115 projects totaling \$3.1 billion
- New projects originate from:
 - Inspection findings
 - Long-range capital needs
 - Lifecycle & asset management
 - Regulatory compliance
 - Safety/capacity needs
 - Statewide initiatives (e.g., climate goals)
 - Local priority letter requests
- Projects reprioritized annually based on scheduled inspection findings and available funding
 - Constrained budget in relation to needs
- Heavily impacted by system preservation needs, with limited enhancement projects
 - Completing projects underway
 - Significant capital needs to maintain a state of good repair in coming decade, necessitating near-term MDTA Board toll increase action



Facility	6-Year Total (\$M)
Fort McHenry Tunnel	\$ 185.0
I-95 JFK & ETL	983.4
Baltimore Harbor Tunnel	376.2
Intercounty Connector	71.4
Bay Bridge	365.3
Francis Scott Key Bridge	209.1
Nice/Middleton Bridge	67.0
Hatem Bridge	70.4
Multi-Area	732.1
Total	\$ 3,060.0

Project Category	6-Year Total (\$M)
Tunnel Preservation	\$ 97.2
Structures Preservation	1,052.6
Bridge Replacements	129.6
Safety & Capacity Improvements	768.6
Highway Preservation	492.5
Campus Facility Preservation & Improvements	249.8
Environmental	47.3
Enhancements	193.3
Unallocated Reserve	29.1
Total	\$ 3,060.0

Governance

- The MDTA Board consists of eight citizen members appointed by the Governor with the advice and consent of the State Senate
- Maryland's Secretary of Transportation presides as Chairman
- The Board
 - Serves as the policy-setting, decision-making and governing body
 - Expertise in structural engineering, transportation planning, land use planning, and finance
 - Binding fiduciary duties created in State law & Trust Agreement with bondholders
 - Adopts financial policies and guidelines that set standards such as debt management, revenue, & investment management
 - Independent toll setting powers—no approval from any other agency or legislative body is required to adjust toll rates and fees
 - Reserves certain rights and delegates day-to-day operations to the Executive Director



Paul J. Wiedefeld
Chairman



John F. von Paris
Finance Committee
Chairperson



Mario J. Gangemi, P.E.
Capital Committee
Chairperson



Dontae Carroll
Finance Committee



William H. Cox, Jr.
Capital Committee



Cynthia D. Penny-Ardinger
Finance Committee



W. Lee Gaines, Jr.
Capital Committee



Jeffrey S. Rosen
Finance Committee



Samuel D. Snead, MCP, MA
Capital Committee

Trust Agreement

■ MDTA's Trust Agreement

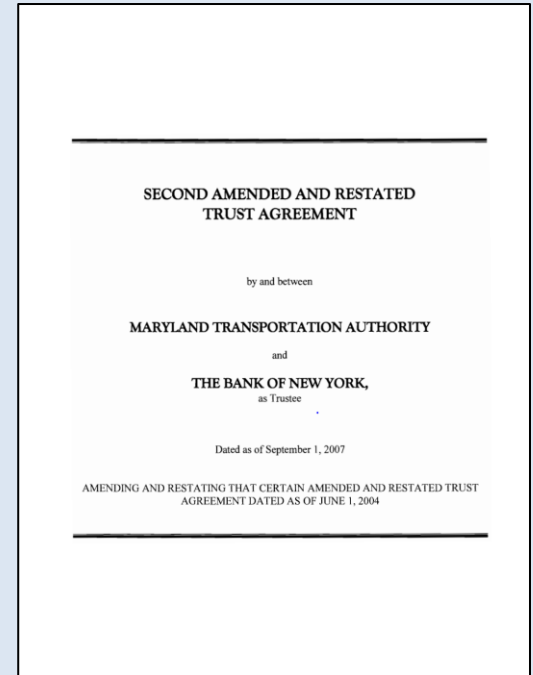
- Pledges all revenue derived from the Transportation Facility Projects (TFP)⁽¹⁾
- Sets forth specific terms and conditions governing use of funds, operations, budgets, and debt
 - Requires the Board to adopt budgets by July 1 of each year, expenses be reasonable and necessary, and facilities to be maintained in a state of good repair;
 - Prohibits free passage and non-uniform tolls;
 - Conditionally restricts use of revenue outside the trust estate;
 - Establishes a rate covenant; and
 - Specifies the disposition of revenues (flow of funds)⁽²⁾

■ Transportation Article §4-311, §4-204, and §4-101(h)

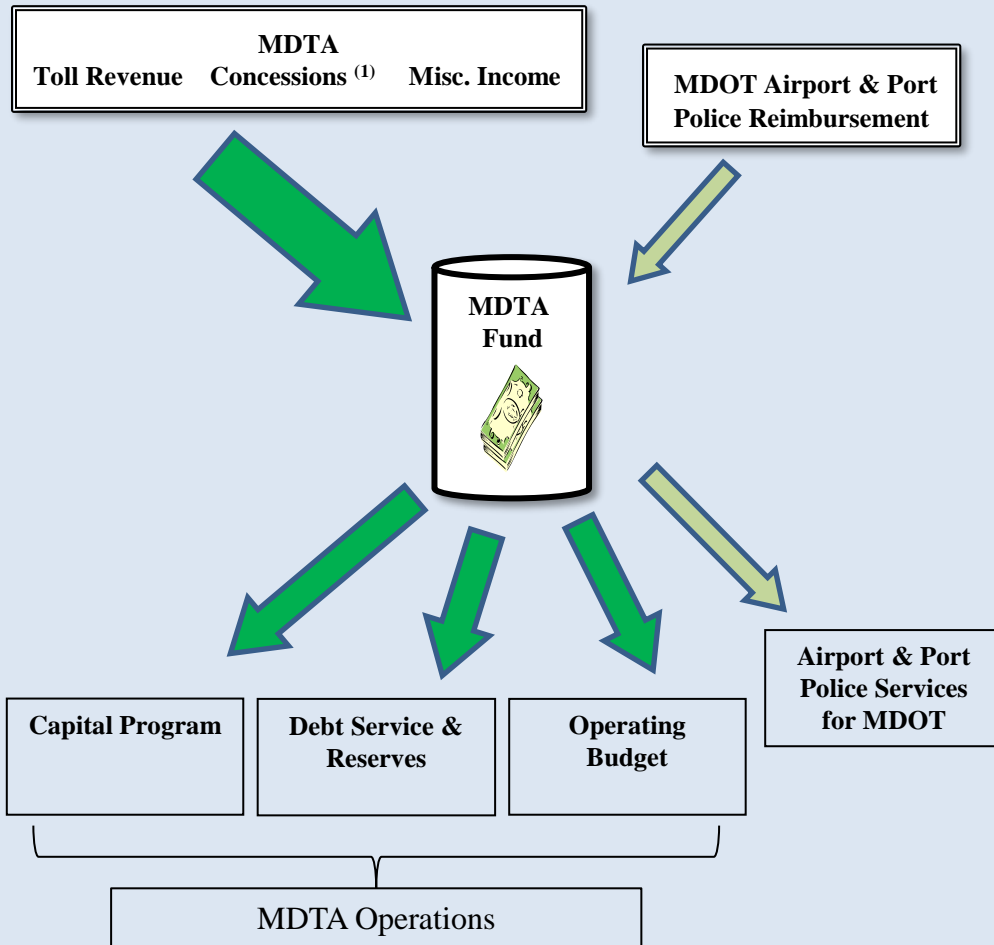
- Acknowledges the Agreement as a contractual legal obligation between MDTA and bondholders
- Limits MDTA's authority to finance, construct, maintain, or operate to TFP specifically enumerated earlier and any other TFP acquired or constructed by MDTA

■ Failure to comply with the terms of the Trust Agreement may result in:

- Credit ratings downgrade and increased future debt issuance costs
- A breach allowing the Trustee to declare all outstanding bonds immediately due and payable; require toll increases; or demand budget reductions or other actions to protect the interests of bondholders
- Legal action by bondholders



MDTA Funds



- Non-budgeted agency solely supported by self-generated revenue
 - Nearly exclusively toll revenue
- Revenue pooled to support MDTA's operating and capital needs
- Toll & fee revenue from MDTA's facilities are pledged to bondholders
- No funding received from:
 - State's General Fund or the MDOT Transportation Trust Fund, except a one-time \$40 million grant and roughly 50% of ICC development costs
 - Federal funds, except small law enforcement grants
- MDTA issues revenue bonds backed by toll revenues to partially fund its capital program
 - Debt is not included in State or MDOT debt calculations

Credit Ratings

- Within the universe of approximately 50 rated credits, the MDTA remains one of only four tolling agencies with a double-A-two (Aa2) rating, which is among the highest for the sector, with only one issuer rated one-notch higher at Aa1
 - Results in significant borrowing cost savings

	Moody's	Fitch
MDTA Ratings	Aa2	AA

- Prudent MDTA policies & practices significantly influence its ratings
 - Strong financial ratio policies

Financial Ratio	Requirement
Rate Covenant (Legal)	Net Revenues \geq 1.0x sum of 120% of debt service + 100% deposits to the M&O Reserve
Debt Service Coverage (Policy)	Net Revenues \geq 2.0x annual debt service
Unencumbered Cash (Policy)	Cash \geq \$400 million
Debt Outstanding Limit (Statutory)	\$3.0 billion for toll revenue-backed debt

- Utilizing a 6-year financial forecast that incorporates independent traffic & revenue projections, future borrowing costs, and current and anticipated operating and capital budgets⁽¹⁾

Key Takeaways

Strengths

- Mature, diversified, multi-asset toll system
 - Operates nine toll facilities offering diversified revenue sources
- Experienced leadership and governance
 - Board of Directors & tenure of MDTA leadership
- Strong financial & infrastructure policies & practices
 - Debt service coverage of 2.0x & unencumbered/unrestricted cash balance of at least \$400 million
 - Bi-annual approval of multi-year financial forecasts to ensure sufficient revenues are available to maintain required financial coverage ratios and to meet operating and capital budget needs
 - Routine facility inspections in accordance with national standards
 - Mature asset management system with inventory, inspection, repair history & cost, and criticality assessments

Challenges

- Ability to Demonstrate Financial Flexibility and Resiliency is Diminished
 - Rising operating costs; especially personnel and insurance
 - Construction inflation at double-digit levels
 - Significant capital needs
 - Challenges maintaining state of good repair with aged infrastructure
 - Changing regulatory environment applying unfunded mandates
 - Tolls last raised nearly a decade ago; tolls subsequently reduced in fiscal year 2016; and toll revenues significantly impacted by temporary pandemic traffic drops

Questions?

Appendix

- Video Toll Process
- I-95 Travel Plazas
- Trust Agreement Flow of Funds
- Financial Forecast

Video Toll Process



Notice of Toll Due (NOTD)

NOTD is mailed to vehicle owner at the Video Toll Rate. The Video Toll Rate is 50% higher than cash/base rate with a minimum of \$1 and maximum of \$15 higher. The NOTD allows 30 days to pay the video toll amount without a penalty, with an additional 15-day grace period. A 15% discount is available when customers pay prior to the mailing of a NOTD.

Citation

A Civil Penalty (\$25) is issued if the NOTD is not paid within 45 days. A Citation is issued within 60 days of the violation date to allow for the certification of images. The Citation allows 30 days to pay or contest to District Court. Customers are granted a due process right to contest citation in District Court.

Warning letter & Vehicle Registration

A Past Due Notice is issued if the Citation is not paid within 30 days or if found guilty in court and not paid. If the past due notice is not paid within 15 days, the vehicle registration is flagged for non-renewal if debt totals less than \$1,000 in tolls & penalties or suspension if debt totals \$1,000 or more in tolls & penalties.

Final Toll Violation Notice

A Final Toll Violation Notice is issued if the Past Due Notice is not paid within 15 days. If the Final Notice is not paid In-State Customer Final Notice & CCU referral is 60 days after registration expiration date.

Out-of-State Customer Final Notice & CCU referral is 60 days after notice. (process for out-of-state violators subject to change)

I-95 Travel Plazas - P3 Contract

- 35-year Lease and Concession Agreement with Areas USA MDTP, LLC for the redevelopment and long-term operations and maintenance of the Maryland House & Chesapeake House
 - Assumed operations on 9/16/12
 - Invested \$56 million in the reconstruction of the Maryland and Chesapeake Houses
 - LEED Silver
- Invests in Community
 - In excess of \$1 million in sponsored events & donations to non-for-profit organizations
 - Maryland Women in Military Service Monument (at Chesapeake House)
- Provided new travel plazas without diverting funds from MDTA Capital Projects
 - Generates roughly \$4 million annually in revenue sharing payments to MDTA
 - Among the busiest travel plazas; FY 2022 roughly 13.3 million visitors
- Contract includes MDTA oversight, specific service level requirements, but lacks KPIs incentives & disincentives



Statistic	Maryland House	Chesapeake House
New House Opened	January 2014	August 2014
Main House Square Footage	40,000	30,000
Fueling & C-Store	Sunoco & A-Plus	Sunoco & A-Plus
Restrooms	127 units	89 units
Dedicated Truck & Bus Parking ¹	82	122



Trust Agreement Flow of Funds

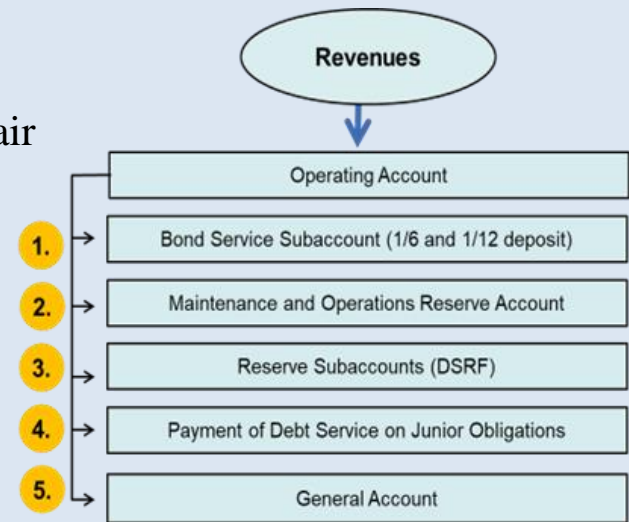
- All tolls, rentals, rates, fees and other charges and revenues derived from operation of Transportation Facility Projects and the General Account Projects are deposited into the Operating Account.
- Moneys in the Operating Account, after the payment of reasonable and necessary current expenses of maintenance, repair and operation of the TFP, are applied monthly as follows:

- First, to the Bond Service Subaccount for the payment of debt service on the outstanding Bonds;
- Second, to the Maintenance and Operations Reserve Account for the payment of the costs of unusual or extraordinary maintenance or repairs of the TFP, not recurring annually

and renewals and replacements with respect to TFP, including major items of equipment;

- Third, to the replenishment (if applicable and/or necessary) of the Reserve Subaccounts for the benefit of the holders of the outstanding Bonds;
- Fourth, to the payment (if applicable) of debt service on junior obligations, if any are ever issued; and
- Remaining balance after making the aforementioned payments is deposited into the General Account

System Sources of Payment - Flow of Funds

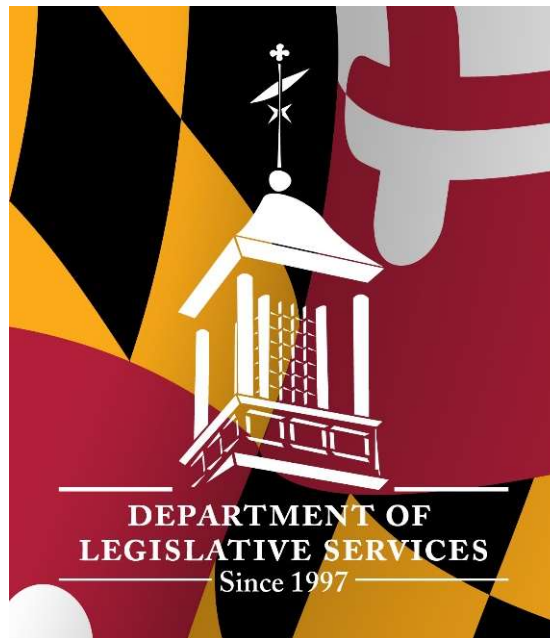


Financial Forecast

- MDTA continuously maintains a 6-year forecast to gauge affordability of the capital and operating budgets
- Forecast is presented to MDTA Board for approval twice per year and adopted as official forecasts
- Financial forecast is provided to the General Assembly twice annually and provides notice of proposed toll rate adjustments
- Projected operating results are forecasted:
 - Utilize independent Traffic and Revenue forecast reflective of current economic trends, planned capital projects, and impacts of future toll rate adjustments - 1% annual revenue growth
 - Interest rates on future borrowings align with prevailing market rates and do not typically include projected savings associated with refinancings
 - Operating expenditures are projected at 100% of the current year budget with roughly 4% annual increases
 - For purposes of financial planning, capital expenditures are projected at 100% of the budget

Proforma Toll Increase Revenue Estimates

Presentation to the
Maryland Transportation Revenue
and Infrastructure Needs Commission

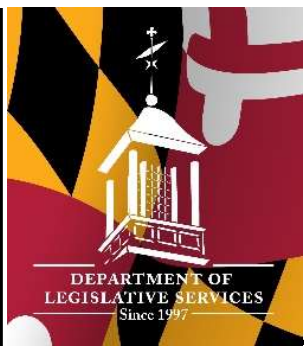


November 6, 2023



Background

- Toll rates vary based on various factors.
 - MDTA facility
 - Number of axles
 - Transaction method
- Excluding dynamic tolls which vary by time of day, current toll rates range from \$2.50 (Bay Bridge 2-axle) to \$60.00 (I-95 / US 40, 6+ axle).

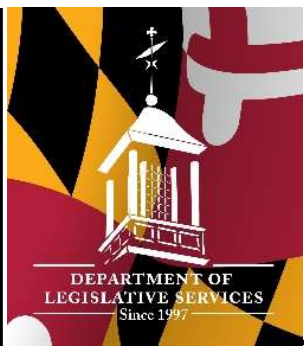


Proforma Revenue Increases – All Vehicle Transactions

In fiscal 2023, 162.8 million transactions occurred at all MDTA facilities.

- An incremental toll increase of \$0.50 for all vehicles would yield \$81.4 million in additional revenue.
- An increase of \$0.25 per axle would yield \$88.8 million.

	FY 2023 Transactions	50¢ Increase All Vehicles	25¢ Increase per Axle
2 Axle	150,843,857	\$75,421,928	\$75,421,928
3 Axle	2,357,187	1,178,593	1,767,890
4 Axle	1,769,511	884,775	1,769,551
5 Axle	7,655,721	3,827,860	9,569,651
6 Axle	207,165	103,583	310,748
Total	162,833,480	\$81,416,740	\$88,839,768



Proforma Revenue Increases – Out-of-State Vehicle Transactions

In fiscal 2023, 32.9% of the 162.8 million transactions that occurred at all MDTA facilities were out-of-state vehicles.

- An incremental toll increase of \$0.50 for all out-of-state vehicles would yield \$26.7 million in additional revenue.
- An increase of \$0.25 per axle would yield \$31.6 million.

	FY 2023 Transactions	50¢ Increase Out-of-State Vehicles	25¢ Increase per Axle
2 Axle	46,193,837	\$23,096,918	\$23,096,918
3 Axle	961,096	480,548	720,822
4 Axle	843,975	421,988	843,975
5 Axle	5,359,859	2,679,929	6,699,823
6 Axle	137,948	68,974	206,922
Total	53,496,715	\$26,748,358	\$31,568,462