

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1133 (Delegates Wims and Mireku-North)
 Economic Matters

Public Utilities - Transportation Network Service - Assessment Cap Increase

This bill increases the statutory limit on the per-trip assessment that certain local governments may impose on transportation network services from 25 cents to 50 cents. The existing limit and new limit do not apply to Baltimore City, as it has been and remains an exempt jurisdiction.

Fiscal Summary

State Effect: Special fund revenues and expenditures for the Transportation Network Assessment Fund (TNAF) increase by up to \$2.5 million in FY 2025 and by up to \$4.9 million annually thereafter (the fund acts as a pass-through for local revenues). The Comptroller can handle the bill’s administrative requirements with existing budgeted resources.

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$2.5	\$4.9	\$4.9	\$4.9	\$4.9
SF Expenditure	\$2.5	\$4.9	\$4.9	\$4.9	\$4.9
Net Effect	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Revenues for local governments that impose assessments on transportation network services subject to the statutory limit increase by up to \$2.5 million in FY 2025 and by up to \$4.9 million annually thereafter. Local expenditures are not directly affected.

Small Business Effect: Minimal.

Analysis

Current Law: Chapter 204 of 2015 established a regulatory framework transportation network services that encompasses transportation network companies (*i.e.*, companies such as Uber and Lyft) and transportation network operators (*i.e.*, the drivers). Local governments are authorized to assess transportation network services (*i.e.*, trips) that originate in their jurisdiction – generally up to 25 cents per trip – subject to specified requirements, as discussed below.

Generally, a county or municipality that licensed or regulated taxicab services on or before January 1, 2015, either directly or through the Public Service Commission, may impose an assessment on trips that originate within the county or municipality. Except for an exempt jurisdiction, an assessment may be up to 25 cents per trip. The revenue generated from the assessments must be used for transportation purposes. An exempt jurisdiction is a county or municipality that imposed a tax, fee, or charge on for-hire transportation services provided on a per-ride or per-passenger basis operated in that county or municipality on or before January 1, 2015 (in practice, this applies to Baltimore City).

A transportation network company must collect the assessments (and other revenues from an exempt jurisdiction) and remit the funds to the Comptroller within 30 days after each quarter. After an allocation of up to 5% for administrative expenses, the Comptroller must then distribute the assessment revenue to the appropriate local jurisdictions. The Act established TNAF to receive and disburse the assessment revenues. No part of the fund may revert or be credited to the general fund or another special fund.

State/Local Fiscal Effect: The fiscal 2023 revenues for those jurisdictions currently subject to the 25-cent per-trip assessment on transportation network services were \$4.9 million. Additional assessment revenues are submitted to TNAF by transportation network companies and then distributed to the appropriate local jurisdictions by the Comptroller.

Accordingly, doubling the maximum per-trip assessment increases special fund revenues and expenditures for TNAF by *up to* \$2.5 million in fiscal 2025, accounting for the bill's October 1, 2024 effective date and quarterly payments, and by *up to* \$4.9 million annually thereafter. Individual local effects are shown in **Exhibit 1**.

Exhibit 1
Potential Additional Revenue, Assessment Cap Increase
Fiscal 2025+

	Actual Revenue <u>Fiscal 2023</u>	Potential Additional Revenue <u>Fiscal 2025</u>	Potential Additional Revenue <u>Fiscal 2026+</u>
City of Annapolis	\$83,193	\$41,596	\$83,193
City of Brunswick	519	260	519
City of Frederick	87,542	43,771	87,542
Ocean City	82,935	41,467	82,935
Montgomery County	1,898,283	949,141	1,898,283
Prince George’s County	<u>2,758,657</u>	<u>1,379,329</u>	<u>2,758,657</u>
Total	\$4,911,128	\$2,455,564	\$4,911,128

Notes: Baltimore City is the only exempt jurisdiction in the State. While Baltimore City’s per-trip assessment is currently 25 cents, consistent with nonexempt jurisdictions, the bill does not affect the ability of the city to independently increase its assessment. Baltimore City revenues from the assessment were \$3.3 million in 2023. Numbers may not sum to total due to rounding.

Source: Comptroller’s Office; Department of Legislative Services

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 505 (Senator Kramer) - Education, Energy, and the Environment.

Information Source(s): Comptroller’s Office; Public Service Commission; Baltimore City; Baltimore, Howard, Montgomery, and Prince George’s counties; cities of Frederick and Havre de Grace; Maryland Municipal League; Department of Legislative Services.

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