
Impact of Toll Reductions

**Presentation to the
Senate Budget and Taxation Committee**

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

June 9, 2015

Six-year Summary
Fiscal 2016-2021

	<u>Before Reduction</u>	<u>After Reduction</u>	<u>Change</u>
Toll Revenue	\$4,239.2	\$3,828.6	-\$410.6
Due to Reduction			-335.6
Due to ICC Write-down			-75.0
Forego Revenue Bond Defeasance	193.6	0.0	193.6
New Debt	0.0	60.0	60.0
FY14 Revenue Overattainment			33.8
Revenue Increase			\$287.4
Operating Expenses	\$1,955.4	\$1,835.9	-\$119.5
Debt Service	780.0	825.4	45.4
Capital Expenses	1,882.6	1,851.8	-30.8
Unidentified Savings			-18.3
Expense Decrease			-\$123.2
Net Change			-\$410.6

ICC: InterCounty Connector

Notes: Based on preliminary financial forecast not yet approved by the Maryland Transportation Authority (MDTA) Board.

MDTA will have to find an additional \$18.3 million in cost savings over the six-year period (\$2.2 million in fiscal 2016 operating reductions are one-time savings).

Impact on the Budget Reconciliation and Financing Act of 2015 Requirements

The following table shows the requirements set forth in the Budget Reconciliation and Financing Act of 2015 (BRFA) and the Maryland Transportation Authority's (MDTA) projected amounts in each category after the toll reduction. The requirements are met across all five years of the period specified in the BRFA.

The Budget Reconciliation and Financing Act of 2015 Fiscal 2016-2020 (\$ in Millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Expense (Minimum \$275.0 million)	\$275.6	\$287.5	\$299.3	\$311.6	\$324.3
Capital Expense (Minimum \$275.0 million)	276.8	396.3	297.2	303.7	310.8
Unrestricted Cash Balance (Minimum \$350.0 million)	672.7	524.5	469.8	403.1	350.6
Debt Service Coverage Level (Minimum 250%)	306%	278%	274%	270%	267%
Outstanding Debt (Maximum \$2.325 billion)	2,300	2,264	2,216	2,166	2,153

Capital Reductions

- **Preliminary Forecast:** The revised financial forecast shows a \$30.8 million reduction in capital spending over fiscal 2016 to 2021, less than the reduction in the two areas noted below, due in part to \$35.6 million in increases in the InterCounty Connector spending due to cash flow changes (\$11.6 million in unspecified capital spending increases).
- **Source of Reductions:**
 - **Reduction to Allocated Reserve Program (\$48.9 Million Total Fiscal 2016 to 2021):** MDTA will defer or reduce scope on system preservation projects and will reprioritize annually.

- **Nice Bridge Planning (\$29.1 Million Total – Fiscal 2016 to 2021):** Reduced from \$51.9 million to \$22.8 million over fiscal 2016 to 2021:
 - preliminary engineering deferred;
 - \$17.7 million due to reduced costs;
 - May 7, 2015 MDTA board meeting, discussion of restoring \$11.4 million in Nice Bridge planning money; and
 - possibility of redecking the bridge, thereby extending its life, is raised. Potential \$150.0 million to \$200.0 million cost.