MARYLAND'S CONSOLIDATED TRANSPORTATION PROGRAM

Maryland's economic well-being and its citizens' quality of life is directly impacted by the transportation system that moves people and commerce. As Maryland's citizens travel our highways, fly out of Baltimore-Washington International Airport, travel through the Fort McHenry tunnel or over the Chesapeake Bay on the William Preston Lane Jr. Bridge, ride an express bus, receive cargo through the Port of Baltimore, or renew their driver's license without having to visit a Motor Vehicle Administration office – Maryland's transportation system touches our lives every day.

Efforts to maintain the safety, efficiency and condition of our transportation system demand constant attention. Our transportation system includes thousands of miles of highways and bridges, public transit systems, a major international airport and a thriving port – each serving millions of customers. Economic expansion coupled with general transportation and population growth has led to significant travel growth throughout the transportation network. Primary factors affecting transportation such as population, households, registered vehicles, licensed drivers and multi-car households have far outpaced the rate at which the State's transportation infrastructure and services have been provided over the past 20 years.

Every year, the Maryland Department of Transportation (MDOT) releases the State Report on Transportation (SRT) – a vision of what the transportation system should be and a plan of how that vision will be achieved. The first part of this report, the Maryland Transportation Plan (MTP), sets goals and policies to guide transportation decision making over the next 20 years. The MTP is updated every three years to reflect changes in transportation policy priorities. The 2004 update establishes new directions – providing mobility and focusing on efficient operations, adding needed transportation facilities, emphasizing safety and security in construction and operation, and improving the Department's responsiveness to its customers.

The second section of the SRT is this document - the Consolidated Transportation Program (CTP). It describes ongoing and new capital programs to be implemented over the next six years, and how the Department will fund these programs to achieve its goals. Every year, the draft CTP is presented to local elected officials and citizens throughout Maryland for review and comment. It is then revised and submitted as part of the Governor's budget to the General Assembly in January, for approval.

As a companion piece to the SRT, MDOT publishes an Annual Attainment Report on Transportation System Performance. This report documents how MDOT is achieving its goals and objectives based on a series of performance indicators. The performance indicators presented in the report are also intended to help MDOT and the citizens of Maryland better understand and assess the relationship of investments in transportation programs and projects with the services and quality they produce.

Maryland's economy is expected to continue to recover in 2005, and the long-term prospects for Maryland continue to be positive. Recognizing the need to ensure adequate funding for transportation projects, the Governor appointed a 29-member blue ribbon panel of legislative and business leaders to provide recommendations on transportation needs and funding options for Maryland. After seven meetings and public hearings the task force completed its review of the State's transportation systems, future transportation needs and potential revenue options. A final report of the committee's recommendations was submitted to the Secretary and Governor in late 2003.

In that report, the committee documented the strong support of state and local elected officials, the business community and the public for a $300 million per year or greater increase in new revenues to support a $4.7 billion increase in the capital program over the program period of 2005 - 2010. Delivering on his promise for a More Mobile Maryland in Every Corner of the State, the Governor introduced legislation based on these recommendations to the Maryland General Assembly. The result was the passage of a bill which provided for a $237 million per year increase over the six-year program period.

Maryland's Consolidated Transportation Program remains a unique, flexible funding tool, developed with considerable local input, and designed to address a multitude of system needs. By having all transportation systems funded under one trust fund, MDOT can direct resources to specific needs and seek multi-modal solutions, looking for the best mode or modes of transportation to address specific problems. In addition, the Annual Capital Program Tour provides a unique opportunity to gather public input from every jurisdiction in the State.

The following pages provide some background on how to read this document, how the public can get involved, how funding decisions are made and also includes some of the highlights of this year's budget.

MDOT PRIORITIES: HOW THIS BUDGET AFFECTS YOUR COMMUNITY

System Maintenance and Efficiency

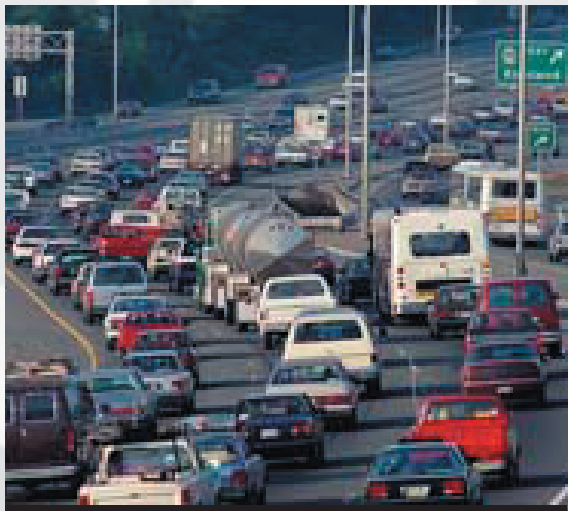
Keeping Maryland's transportation system safe and in good condition are top priorities of MDOT. In the face of growing travel demand, increasing construction and equipment costs, and limited resources, MDOT must make the most efficient use of the existing system. While there are needs for expanding capacity, preservation of the existing system is an ongoing necessity; roads must be re-paved, safety improvements made, aging bridges rehabilitated, and buses and trains repaired or replaced. To insure that the most productive use is being made of the taxpayers existing investments in the State's transportation system, assets need to be maintained and preserved appropriately to extend the useful life of existing facilities and equipment in a fiscally responsive manner. The Department seeks to maximize value and performance from existing resources by managing facilities to provide maximum customer service from the system before making new investments.

Safety and Security

Ensuring the safety and security of Maryland residents and others who travel on our roadways, through our airports and seaports, and on our buses and trains is of vital importance. The Department is committed to providing safe travel to all transportation system customers and to protecting the safety of the Department's workforce and contractors. Safety considerations are integral to all MDOT design and operational activities. In addition, personal security is a fundamental expectation for all of Maryland's transportation system customers. Threats to the security of travelers and transportation assets are receiving heightened attention and the Department is committed to taking advantage of new technologies and cost effective counter measures to reduce transportation system vulnerabilities. Every mode has instituted improved safety measures and the Department continues to implement a vast number of heightened security measures throughout the transportation system.

"Every mode has instituted improved safety measures and the Department is implementing a vast number of heightened security measures throughout the transportation system."

Mobility



"key gaps and bottlenecks within the State's transportation systems that are known to cause delay and congestion"

The core of MDOT's mission is mobility. This means getting people and goods to destinations and markets in a safe and efficient manner. The Department finds itself at a crossroads, facing key gaps and bottlenecks within the State's transportation systems that are known to cause delay and congestion. The CTP includes capital projects that provide critical new additions, and also enhance and preserve the existing transportation system to accommodate travel and facilitate commerce. These projects focus on demonstrated customer needs to decrease delay and improve the safety and reliability of the State's transportation networks. They are Maryland's investment in our highway, transit, port and aviation facilities that assure a safe and efficient transportation system and improve economic competitiveness.

The transportation needs of individuals throughout our State are varied and require transportation options or programs that enable people to be mobile and to actively participate in all aspects of community living. The Maryland Department of Transportation is charged with building an integrated accessible transportation system that provides opportunities for the motorist, air traveler, pedestrian, bicyclist and the public transportation user. This transportation network supports community living, employment, education, health care and recreational opportunities for all.

However, an integrated transportation program is more than accessible trains, buses and paratransit. In meeting the challenge of providing the best mix of options, MDOT will explore alternative approaches and select the most efficient means of meeting customer expectations and needs. The application of cost-effective design alternatives, the usage of managed, priced or special purpose facilities (e.g. Express Toll Lanes), improving mobility through technology (e.g. E-Z pass), alternative means of travel (e.g. bus rapid transit), and key system expansion (e.g. ICC) are examples of this strategy. The Maryland Department of Transportation is committed to providing safe and accessible transportation services that meet the needs of a varied population.

System Productivity and Quality

Improving program and project delivery to reduce the costs and schedule is essential to effectively delivering improvements to users of the transportation system and the State's taxpayers. The Department intends to implement projects in a minimum time period through streamlined approaches and improved relationships with other agencies. Throughout all projects and activities MDOT is committed to protecting Maryland's human and natural environment. MDOT is looking to contain costs with business-like organization and best value practices in ways that will not substantially impact customer service and will provide wise use of the taxpayers' funds. MDOT is also exploring innovative approaches to customer service, finance and partnerships to improve customer satisfaction and service delivery.

"The transportation needs of individuals throughout our State are varied and require transportation options...."

PRIORITY INITIATIVES

Intercounty Connector (ICC) Concept Plan

The Intercounty Connector, a new 17 to 18-mile facility connecting I-270 with I-95 and US 1, is one of the state's highest transportation priorities. A conceptual funding plan has been developed which is intended to assure that it can be built while allowing the maximum funding for other much needed transportation projects elsewhere in Maryland. The Intercounty Connector will be a toll highway, owned by the Maryland Transportation Authority. In addition to use in managing traffic demand and congestion, tolls are intended to help fund a significant portion of the ICC's capital, as well as operating cost. Accordingly, the concept-funding plan includes a mix of (a) Maryland Transportation Authority (MdTA) revenue bonds, backed by tolls on the ICC and other existing MdTA toll facilities; (b) GARVEE bonds, which are paid back by additional future federal highway funds; (c) "special federal funds" that will be specifically designated for the project in federal surface transportation authorization or appropriations bills, and (d) Maryland transportation trust fund sources.

Using toll financing for the project provides that users of the facility (and other toll highways) will pay a substantial portion of the cost of the new project. Using GARVEE bonds assures that most of the currently available federal highway funding can be used for other projects throughout Maryland, rather than to finance the cost of the ICC. Debt service payments on GARVEE bonds would come from a portion of the additional future federal funds Maryland expects to receive under reauthorization of the federal surface transportation program. Each year, a small portion of this federal funding would be used for payments on GARVEE bonds. This complex project requires a concept plan that allows for flexibility as the project progresses. Due to the early stage of this project, it is important to note that this funding scenario still is a concept plan and subject to ongoing review and modification.

Express Toll Lanes

Having some of the most congested urban highways in the country, Maryland is considering implementing Express Toll Lanes to manage traffic flows or traffic demand to improve the safety, mobility and efficiency of the State's highways. Express Toll Lanes offer motorists and transit users generally free-flowing traffic and reliable travel times.

Express Toll Lanes provide opportunities for vehicles to maintain free-flow travel on designated lanes outside of general-purpose lanes. Persons traveling in the Express Toll Lanes pay a fee for the use of the lane, and the level of usage in the lanes is regulated by the amount of the toll. This does not mean traditional toll roads with waits at tollbooths, as tolls would be collected 100 percent elec-

tronically via the use of electronic transponders at highway speeds. Toll rates would vary based on demand - either by time of day or based on actual traffic conditions - increasing when the lanes are relatively full and decreasing when the lanes have extra capacity. Due to the nature of Express Toll Lanes, their application is suited for limited access highways such as interstates and parkways. Some of the potential benefits of Express Toll Lanes include:

• Offering commuters a new viable travel choice and alternative to spending valuable time stuck in traffic.

• Travel time-savings and travel time reliability for all area motorists. Access for buses to free-flowing lanes - thus offering similar travel time-savings, travel time reliability, and enhanced operating efficiency for transit.

• The ability to manage demand and use of the lanes to keep traffic flowing smoothly and maintain the alternative over time, even as overall demand increases.

• The ability to generate revenue directly from users to help pay for construction, maintenance, and operation of the lanes.

• Improved traffic conditions and safety - by reducing traffic congestion and congestion - related accidents.

• Community and environmental benefits, including the potential for reduced impacts of highway expansion as well as possible air quality improvements resulting from lowered vehicle emissions on the less congested highway lanes.

Express Toll Lanes could offer Maryland's drivers and transit users a choice of relatively congestion-free travel whenever they need it most. An integrated system of Express Toll Lanes could help ease the impact of traffic congestion on Marylanders' lives and do so decades sooner than traditional approaches would allow.

Transit Studies

The Department is committed to expanding the transportation alternatives available to Marylanders and is showing this commitment by pursing transit system expansion in both the Baltimore and Washington regions. In Baltimore, the Maryland Transit Administration (MTA) has intensified the Baltimore Region Transit Plan by splitting it into two separate projects. The Red Line Study and the Green Line Study both evaluate the options and feasibility of constructing new, separate transit lines to be incorporated into the city's current transit network. In the Washington region, the MTA is working with local and regional partners (most notably the Washington Metropolitan Transit Authority) on two major transit studies, the Corridor Cities Transitway and the Bi-County Transitway. The Corridor Cities Transitway would extend from the end of the Metro Red Line at Shady Grove towards Clarksburg in Montgomery County, and was originally a portion of the joint I-270 Corridor Study with SHA. The Bi-County Transitway would be the first transit line to "connect the spokes" of the Washington Metro system, by traversing Montgomery and Prince George's Counties from Bethesda to New Carrollton. This line would be integrated into the proposed Silver Spring Transit Center. The Department and its partners are evaluating all of these proposed transit lines with great scrutiny, including alignments and best mode of travel.

Community Safety, and Enhancements Program:

Governor Ehrlich's Community Safety and Enhancement Program is designed to provide investment in the transportation infrastructure of existing communities to improve safety and enhance the appearance of those communities. Projects in this program work closely with the local community to identify current concerns and future needs based on the local jurisdiction's comprehensive improvement plan. Typical projects include traffic and pedestrian safety improvements, roadway resurfacing, drainage improvements, signalization, lighting and landscaping. Forty-three (43) projects throughout the State are included in the Community Safety and Enhancements Program in this CTP.

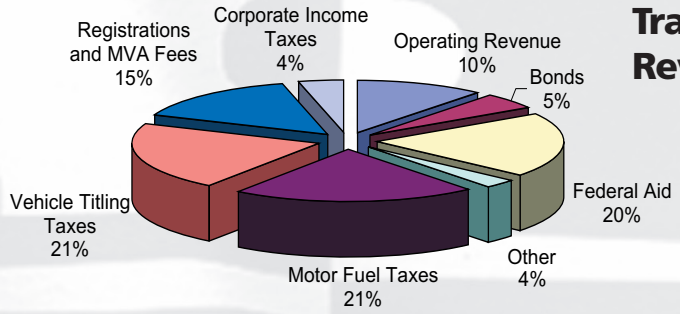
"Projects in this program work closely with the local community to identify current concerns and future needs..."

The Community Safety and Enhancements Program is an example of the many resources that may be drawn upon as part of the Governor's Priority Places Strategy. The Priority Places strategy is currently focused on Transit Oriented Development, brownfields, military base community development and community revitalization projects that have the potential to leverage or generate private investment and spur economic development and improvements to a larger area.

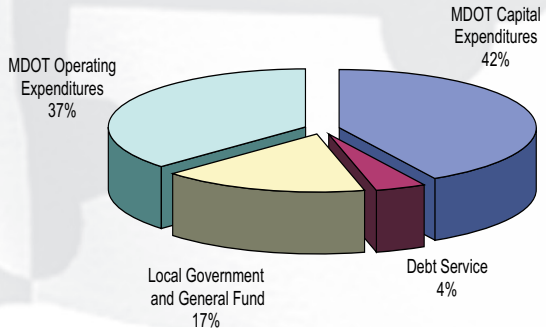
WHERE THE MONEY COMES FROM...

Maryland's transportation system is funded through several dedicated taxes and fees, federal aid, operating revenues, and bond sales, which are assigned to the Transportation Trust Fund (TTF). This fund is separate from the State's General Fund, which pays for most other State government programs. Essentially, our customers pay user fees for transportation infrastructure and services, through motor fuel taxes, vehicle titling taxes, registration fees, operating revenues and corporate income taxes. The motor fuel tax and vehicle titling tax are the two largest sources of State revenue. Operating revenues include transit fares and usage fees generated at the Port of Baltimore and BWI Airport. In addition, federal aid comprises a large portion of transportation revenues. These funds must be authorized by a congressional act. The U. S. Congress is currently in the process of developing the next long-term federal surface transportation system funding program. A detailed discussion of this process is presented in a later section of this summary. Total projected Trust Fund revenues amount to $17.6 billion for the six-year period covered by this CTP. These amounts are based on the assumption the economy will continue along a moderate growth scenario for the next six years. (For more on revenue projections and economic assumptions, see pages 8 through 10.)

Transportation Revenues



Transportation Expenditures



WHERE THE MONEY GOES...

The TTF supports operation and maintenance of State transportation systems, MDOT administration, debt service and capital projects. A share of these funds is dispersed among Maryland's counties and Baltimore City for local transportation needs.

After operating costs, debt service, and local distributions, the remaining money goes towards capital projects. This document, Maryland's CTP, is the six-year capital budget for all State transportation projects.

This FY 2005-2010 CTP totals about $9.3 billion; $8.4 billion of which comes through the Trust Fund and $0.9 billion from "Other" fund sources.

Capital Expenditures

FY 2005-2010 CTP SUMMARY ($ MILLIONS)

	STATE FUNDS	FEDERAL AID	OTHER *	TOTAL	PERCENT OF TOTAL
TSO	96.5	27.3	–	123.8	1.3
MVA	150.0	–	–	150.0	1.6
MAA**	309.6	125.7	285.9	721.2	7.8
MPA	499.8	10.1	–	509.9	5.5
MTA	628.0	753.0	3.4	1,384.4	14.9
WMATA***	433.9	97.3	567.5	1,098.7	11.8
SHA	2,730.7	2,584.7	–	5,315.4	57.1
TOTAL	**4,848.5**	**3,598.1**	**856.8**	**9,303.4**	**100.0**

* Funds not received through the Trust Fund. Includes some funds from Maryland Transportation Authority, Passenger Facility Charges (PFC), Customer Facility Charges (CFC), Maryland Economic Development Corporation (MEDCO) and federal funds received directly by WMATA.

** Projects using non-trust fund financing sources are included in the total.

*** Federal funds for Addison Road go directly to WMATA and are now included in "Other Fund" Total.

TSO – The Secretary's Office
MVA– Motor Vehicle Administration
MAA– Maryland Aviation Administration
MPA– Maryland Port Administration
MTA– Maryland Transit Administration
WMATA– Washington Metropolitan Area Transit Authority
SHA – State Highway Administration

SHAPING MARYLAND'S TRANSPORTATION SYSTEM

The Public Role

When developing Maryland's transportation system, MDOT seeks public input while assembling the Maryland Transportation Plan, preparing the CTP, studying possible projects and designing facilities.

The Maryland Transportation Plan reflects the concerns of our customers – the Maryland public - who use the transportation system on a daily basis. The recent Plan was created with inclusive public participation and input through such processes as telephone surveys, leadership interviews, workshops, and consultation tour meetings. The public also comments on the draft plan before the Governor adopts the final version.

The public and local governments also have an important role in shaping the CTP. Every fall, the Secretary tours the Counties and Baltimore City to receive input on local priorities. Local jurisdictions submit priority lists. Regional bodies also provide input. Projects are more likely to be funded if there is a local consensus behind it. Local input is considered when revising the program before it is submitted to the Governor. The Governor then includes the CTP with his budget submission to the General Assembly in January.

"When developing Maryland's transportation system, MDOT seeks public input..."

Additionally, the public has many other opportunities to review and comment on specific projects, such as during the many public meetings during planning and environmental review phases. State planners and engineers also work with the public to design projects that reflect sensitivity to the context of the surrounding community and environment.

For information on projects, call the MDOT's Office of Planning and Capital Programming, which assembles the SRT, at 410-865-1275; For the deaf, Maryland Relay 711. For more information on MDOT and links to each of the modal administrations, visit http://www.marylandtransportation.com.

The MDOT Role

The Maryland Transportation Plan (MTP) serves as the Department's guiding policy document. The current Plan, which was adopted in 2004, is updated every three years. Every year, the Secretary of MDOT works with the Department's modal administrators to determine which projects to add to the CTP or to advance. MDOT looks at the need for individual projects based on such things as MDOT's MTP goals and objectives, level of service, safety, maintenance issues, how the projects may encourage economic development, availability of funding (including federal funds), and the input received from the public and local officials. The Governor and Secretary take this input into account when making the final decision of which projects will be funded.

The Federal Role

Transportation planning and programming in Maryland also is influenced by a number of federal initiatives including TEA-21 and Clean Air Act Amendments.

In June 1998, the President signed into law the Transportation Equity Act for the 21st Century (TEA-21) authorizing highway, highway safety, transit and other surface transportation programs for a period of six years which ended September 30, 2003. Since that time, surface transportation programs have been authorized via a series of short-term extensions. The current extension is valid through May 2005. TEA-21 is expected to be reauthorized and will likely build and improve upon current programs with new initiatives to meet the challenges of improving safety as traffic continues to increase at record levels. Other initiatives will likely focus on protecting and enhancing communities and the natural environment as we provide transportation, and advancing America's economic growth and competitiveness domestically and internationally through efficient and flexible transportation. Congress continues to work on re-authorizing the TEA-21 legislation to provide federal funding to address the extensive needs of the nation's transportation system.

In 1990, the Federal government passed sweeping revisions to the Clean Air Act designed to better address air pollution. In particular, the Clean Air Act of 1990 established tighter pollution standards for emissions from automobiles and trucks. Non-attainment area classifications were established and ranked according to severity of the area's air pollution problem. These non-attainment categories trigger varying requirements the area must comply with in order to meet federal standards. MDOT continues to work to ensure that the State's transportation program for Maryland will be consistent with federal Clean Air Act requirements and that, as a consequence, federal transportation funding for State projects will continue uninterrupted.

HOW TO READ THIS DOCUMENT

The Maryland Department of Transportation is divided into agencies responsible for different modes of travel. These are referred to as the Department's modal agencies or modes. Projects in the CTP are listed under the mode responsible for them. Within the State Highway Administration section of this document, projects are listed by jurisdiction.

For each major project, there is a Project Information Form (PIF). Each PIF contains a description of the project, its status, its justification, and its compliance status with Smart Growth. It also shows any significant change in the project since the last budget approved CTP. A chart shows funds budgeted over the six-year cycle. This is general information and is not intended to provide specifics such as alignments, status of environmental permitting, or alternatives under study.

Funding Phases

Planning - Once a proposal is funded for project planning, detailed studies and analyses are conducted to evaluate the need for the project and to establish the scope and location of proposed transportation facilities.

Engineering - The next phase for funding is the engineering phase. These projects undergo planning and environmental studies and preliminary design. These projects, having been more thoroughly evaluated than those in Project Planning, are candidates for future addition to the Construction Program and are more likely to be built.

Right-of-Way – This funding is approved at different points during the project, to provide the necessary land for the project or to protect corridors for future projects.

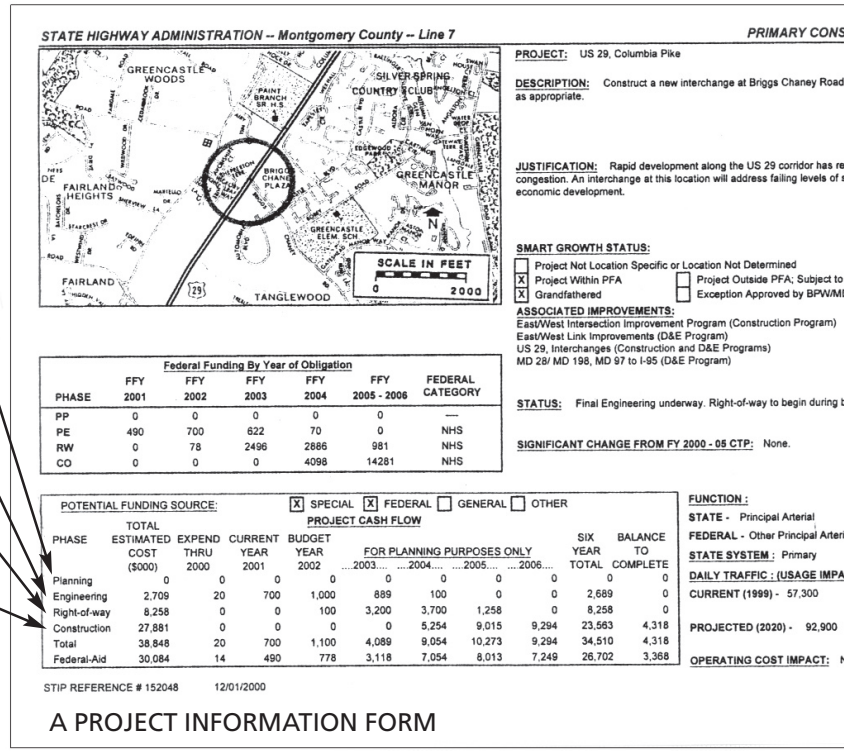
Construction - This last stage includes the costs of actually building the designed facility. Construction does not begin until a project receives necessary environmental permits, the State meets air quality requirements, and contracts are bid.

A project listed in a PIF may not be a specific facility. It also could include corridor studies, which look at multi-modal solutions to transportation needs. One example is the I-270 / US 15 multi-modal corridor study, which is evaluating highway and transit improvements in Montgomery and Frederick counties.

The CTP also contains lists of minor projects, which are smaller in scope and less costly such as resurfacing roads, safety improvements, sidewalks and bicycle trails.

Following this introduction are other lists, which can help the reader understand changes in the CTP. One shows significant changes from last year's CTP. It lists major projects added to the CTP or projects that have advanced to a new stage of development. It also lists changes in construction schedules and projects removed from the CTP.

Also, there is information regarding the economic trends and assumptions the CTP is based upon and more information about revenue projections.



STATE HIGHWAY ADMINISTRATION -- Montgomery County -- Line 7 — PRIMARY CONS

PROJECT: US 29, Columbia Pike

DESCRIPTION: Construct a new interchange at Briggs Chaney Road as appropriate.

JUSTIFICATION: Rapid development along the US 29 corridor has re congestion. An interchange at this location will address failing levels of economic development.

SMART GROWTH STATUS:
- [ ] Project Not Location Specific or Location Not Determined
- [X] Project Within PFA
- [X] Grandfathered
- [ ] Project Outside PFA; Subject to
- [ ] Exception Approved by BPW/MI

ASSOCIATED IMPROVEMENTS:
East/West Intersection Improvement Program (Construction Program)
East/West Link Improvements (D&E Program)
US 29, Interchanges (Construction and D&E Programs)
MD 28/ MD 198, MD 97 to I-95 (D&E Program)

STATUS: Final Engineering underway. Right-of-way to begin during t

SIGNIFICANT CHANGE FROM FY 2000 - 05 CTP: None.

Federal Funding By Year of Obligation

PHASE	FFY 2001	FFY 2002	FFY 2003	FFY 2004	FFY 2005 - 2006	FEDERAL CATEGORY
PP	0	0	0	0	0	—
PE	490	700	622	70	0	NHS
RW	0	78	2496	2886	981	NHS
CO	0	0	0	4098	14281	NHS

POTENTIAL FUNDING SOURCE: [X] SPECIAL [X] FEDERAL [ ] GENERAL [ ] OTHER

PROJECT CASH FLOW

PHASE	TOTAL ESTIMATED COST ($000)	EXPEND THRU 2000	CURRENT YEAR 2001	BUDGET YEAR 2002	FOR PLANNING PURPOSES ONLY ...2003...	...2004...	...2005...	...2006...	SIX YEAR TOTAL	BALANCE TO COMPLETE
Planning	0	0	0	0	0	0	0	0	0	0
Engineering	2,709	20	700	1,000	889	100	0	0	2,689	0
Right-of-way	8,258	0	0	100	3,200	3,700	1,258	0	8,258	0
Construction	27,881	0	0	0	0	5,254	9,015	9,294	23,563	4,318
Total	38,848	20	700	1,100	4,089	9,054	10,273	9,294	34,510	4,318
Federal-Aid	30,084	14	490	778	3,118	7,054	8,013	7,249	26,702	3,368

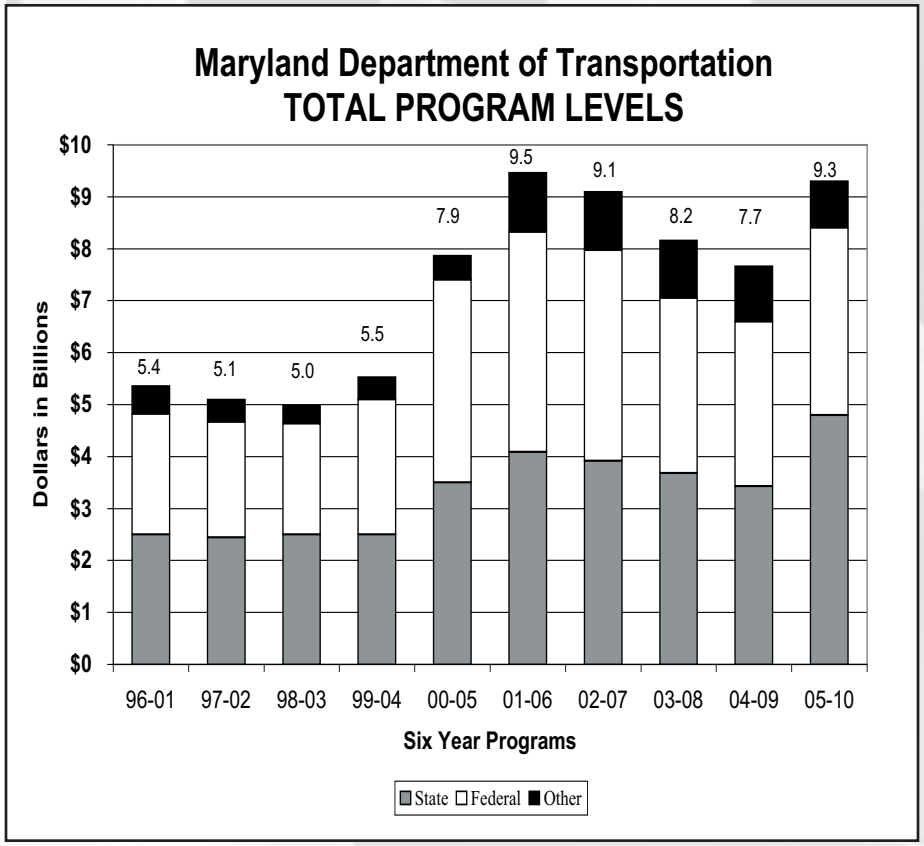
FUNCTION :
STATE - Principal Arterial
FEDERAL - Other Principal Arteri
STATE SYSTEM : Primary
DAILY TRAFFIC : (USAGE IMPA
CURRENT (1999) - 57,300
PROJECTED (2020) - 92,900
OPERATING COST IMPACT:

STIP REFERENCE # 152048 12/01/2000

A PROJECT INFORMATION FORM

PROGRAM HIGHLIGHTS

The FY 2005-2010 CTP totals about $9.3 billion. About 45 percent of this capital program will be supported by federal funds, predominately for highway and transit projects.



Economic Trends and Assumptions

The Department's revenue and operating cost projections are based on a long-term "moderate growth" scenario for the nation's economy. The major trends and assumptions are as follows:

The long-term (6-year) trend in bond interest rates is projected to fluctuate within a range from 4.4 percent to 5.3 percent during the program period with inflation between 1.6 to 2.2 percent annually.

The nation's economy started an economic recovery in FY 2004. It is now believed to be entering a period of sustained growth. As it moves through this economic recovery, it is projected to continue to have "business cycles" with:

- No major external events,
- No major changes in the law or operating responsibilities of the Department, and
- The historical relationship between national economic activity and the level of Department tax revenues continuing through the forecast period.

There are plentiful supplies of gasoline in the marketplace. Gasoline consumption is projected to increase 2.25 percent in FY 2005 and FY 2006, and increase about 1 percent thereafter.

Auto sales had been increasing consistently due to the combination of good economic conditions, customer incentives, and increased consumer confidence. For FY 2005 and beyond, sales are expected to moderate and follow their normal cyclical pattern throughout the forecast period.

REVENUE PROJECTIONS

Total projected revenues amount to $17.6 billion for the six-year period. This estimate is based on the revenue sources used by MDOT and includes bond proceeds and federal funds. The projection includes the revenue infusion enacted during the 2004 legislative session, but does not assume any future State tax or fee increases. Pertinent details are as follows:

- Opening Balance: It is the goal of the Department to maintain a $100 million fund balance over the program period to accommodate the Department's working cash flow requirements throughout the year.
- Motor Vehicle Fuel Tax: This revenue is projected to be $3.2 billion over the six-year period. Motor fuel taxes include the 23.5 cents per gallon gasoline and the 24.25 cents per gallon diesel fuel.
- Motor Vehicle Titling Tax: This source is projected to yield $3.6 billion. The titling tax of 5 percent of the fair market value of motor vehicles is applied to new and used car sales and vehicles of new residents. This revenue source follows the cycle of auto sales with periods of decline and growth. It is projected that this six-year planning period will follow a normal business cycle around an underlying upward trend.
- Motor Vehicle Registration/Miscellaneous, and Other Fees: These fees are projected to generate $2.3 billion. This forecast assumes the combination of reduced growth in registered vehicles and a change to a heavier vehicle mix will increase the revenues an average of 2.5 percent every two-year cycle.
- Corporate Income Tax: The transportation share of corporate income tax revenues is estimated to be $648 million. The Department receives a portion (24 percent) of the 7 percent corporate income tax.
- Federal Aid: This source is projected to contribute $3.9 billion for operating and capital programs. This amount does not include $567 million received directly by Washington Metropolitan Area Transit Authority. The majority of federal aid is capital; only $270 million is for operating assistance. Since federal aid supports approximately half of the capital program; a more detailed discussion of federal aid assumptions is presented in the next section of this summary.
- Operating Revenues: These revenues are projected to provide a six-year total of $2.2 billion, with $687 million from MTA; $555 million from MPA; and $1.0 billion from MAA. MTA revenues primarily include rail and bus fares. MPA revenues include terminal operations, the World Trade Center, and other port-related revenues. MAA revenues include flight activities, rent and user fees, parking, airport concessions, and other aviation-related fees. These projections are forecast to include additional revenues from the garage and terminal expansion.
- Bond Proceeds: It is projected that $1.1 billion of bonds will be sold in the six-year period. The level of bonds, which could be issued, is dependent on the net revenues of the Department. This level of bonds is affordable within the financial parameters used by the Department.
- Other Sources: The remaining sources are projected to provide $278 million. These sources include earned interest from trust funds, reimbursements, and miscellaneous revenues.

Federal Aid Assumptions

The Transportation Equity Act for the 21st Century (TEA-21) authorized funding levels for transit and highways for federal fiscal years (FFY) 1998 through 2003. TEA-21 authorized a guaranteed minimum level of highway and transit funding, which has resulted in significantly higher funding than previous acts – 40 percent higher than the previous act.

TEA-21 expired September 30, 2003, and Congress has passed a series of short-term extensions of the authorization.

The next federal surface transportation authorization act will determine the program structures for a multi-year period, most likely for five or six years – beginning in FFY 2006. However, due to lack of consensus on new sources of federal revenues, there is some probability that Congress may enact a short-term six-month to two year extension of the existing act. Depending on congressional action, funding levels are expected to be slightly higher than current levels.

The ability to complete the program as scheduled, will, of course, depend upon actual federal appropriations. Transit funding is of particular concern. An estimated 50 percent of the transit funds are discretionary and are dependent on annual appropriation earmarks. Specific federal aid assumptions and issues relating to the Department's program are detailed as follows:

Transit:

The FFY 2005 FTA Urbanized Area capital assistance for Baltimore, Washington and Small Urban Systems for Bus, Metro, Light Rail, and MARC is $55.5 million. An annual estimated amount of $55.5 million is assumed for the FFY 2006.

The MTA has assumed an annual amount of $27.9 million for FFY 2006 in rail modernization funds.

The TEA-21 authorized a maximum of $185 million in New Starts funds for MARC improvements for FY 1998 to FY 2003. The actual appropriation for MARC was $31 million in FFY 1998, $17 million in FFY 1999, $2.2 million in FFY 2000, $10 million in FFY 2001, $12 million in FFY 2002, and $11.6 million for FFY 2003. There is no current authorization for MARC New Starts funding.

TEA-21 authorizes $120 million for Baltimore Central Light Rail Double-tracking. There was an appropriation of $1.0 million in FFY 1999, $4.7 million in FFY 2000, $3 million in FFY 2001, $13.0 million in FFY 2002, $18.0 million in FFY 2003, $39.8 million in FFY 2004, and $28.8 million in FFY 2005. A Full Funding Grant Agreement was approved in July 2001. The Department has estimated future federal appropriations of $12.6 million.

Highways:

Federal highway programs are authorized by multiple-year legislation. The funds authorized and apportioned to the states are subject to annual ceilings which determine how much of the authorized money can be obligated in a given year. This ceiling is referred to as Obligational Authority (OA) and is imposed by Congress annually in response to prevailing economic policy. Under ISTEA, which authorized funds from federal fiscal year 1992 through federal fiscal year 1997, OA ranged from 80.5 percent to 105.3 percent. This CTP assumes the level of OA from TEA-21 at 87 percent of apportioned funds for FFY 2006 and thereafter. The Department has taken advantage of a TEA-21 provision to proceed with some federal aid projects now even though federal aid will not be available until later. This "advanced construction" provision allows the use of State funds now, which will later be reimbursed with federal aid as it becomes available. This is done for selected projects in an effort to start construction as early as possible to help meet specific highway needs.

A transfer between federal funding categories allowed under TEA-21 is assumed in order to match available federal aid to the schedule of qualifying projects.

Washington Metropolitan Area Transit Authority:

WMATA receives federal formula funds (80 percent federal share) for bus and rail preservation activities. The annual amount of these funds is based on actual and projected federal funding levels provided under TEA-21.

TEA-21 authorizes construction of the Addison Road to Largo Extension of the Washington Metro. Prior to the Full Funding Grant Agreement (FFGA), there was an appropriation of $1 million for the extension in FFY 1999 and $4.7 million in FFY 2000. A Full Funding Grant Agreement (FFGA) was approved in December of 2000. FFGA appropriations include $7.5 million in FFY 2001, $55 million in FFY 2002, $59 million in FFY 2003, $64 million in FFY 2004, and $76.2 million in FFY 2005. Funding obtained in FFY 2005 completes federal funding for the FFGA.

In addition to federal funds received directly by WMATA, MDOT has budgeted additional Congestion Mitigation and Air Quality federal funds to be used by WMATA for critical preservation activities.

Aviation:

The Federal Aviation Administration through the Airport Improvement Program (AIP) currently provides federal entitlement and discretionary funding for airport projects. It is assumed that entitlement funding calculated using enplanement and cargo-based formulas for BWI will total $18 million for the six-year program period.

The MAA anticipates an additional $97 million in new discretionary AIP funding for BWI and Martin State Airports during the six-year program period. If discretionary funds are not forthcoming as assumed, the schedule of impacted projects will be adjusted accordingly.