

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1081

(Delegate Korman, *et al.*)

Environment and Transportation

Finance and Budget and Taxation

Maryland Transit Administration Reform Act

This bill makes changes to the structure, authority, and responsibilities of the Maryland Transit Administration (MTA) with respect to procurement law, oversight of MTA operations by boards and commissions, and tort liability. Additionally, MTA must contract with the Baltimore Metropolitan Council (BMC) to complete a technical study regarding the creation of a rail authority, as specified. The bill also proposes a constitutional amendment to authorize quick-take condemnation authority for MTA, or a successor State agency, and clarifies that the existing “quick-take” condemnation authority for the State Roads Commission (SRC) also applies to a successor State agency of SRC. Contingent on the enactment of the constitutional amendment, the bill also (1) establishes procedures and processes that must be followed by MTA when it seeks to condemn property for a transit purpose using quick-take authority and (2) modifies the related responsibilities for local boards of property review.

Fiscal Summary

State Effect: The overall effect on Transportation Trust Fund (TTF) expenditures cannot be estimated, as there are many unknowns; even so, the net effect is anticipated to be a decrease in TTF expenditures, as discussed below. Known TTF expenditures for staffing and the required study increase by a net of \$319,500 in FY 2027; future year net increases range from \$210,500 in FY 2028 to \$310,100 in FY 2031. Revenues are not directly affected.

Local Effect: It is anticipated that the bill’s requirements for local boards of property review can be handled using existing budgeted resources. Otherwise, local government operations and finances are not directly affected.

Small Business Effect: Meaningful.

Analysis

Bill Summary: Broadly, the bill:

- exempts certain MTA contracts from specified requirements of State procurement law;
- requires the Maryland Transportation Commission (MTC) to make qualification and compensation determinations for certain MTA employees;
- repeals the Baltimore Regional Transit Commission (BRTC) established by Chapter 504 of 2023 and, instead, establishes two new oversight boards (for Baltimore area transit and commuter service, respectively) with similar duties and responsibilities;
- establishes minimum staffing requirements for the two new oversight boards;
- specifies that the liability of MTA as to a tort action may not exceed \$400,000 to a single claimant for injuries arising from a single incident or occurrence; however, this provision may not be construed to limit or impair the application of a specified provision of federal law (that governs limitations on rail passenger transportation liability) or MTA's obligations under agreements entered into pursuant to that provision of federal law;
- requires MTA to contract with BMC to complete a technical study by December 1, 2026, regarding the creation of a rail authority, as specified;
- proposes a constitutional amendment to expand the quick-take condemnation authority to MTA (or a successor State agency) and clarifies that the existing quick-take condemnation authority for SRC also applies to a successor State agency of SRC;
- contingent on the enactment of the constitutional amendment, (1) establishes various procedures for MTA to follow when it seeks to condemn property for a transit purpose using quick-take authority and (2) specifies that the responsibilities of local boards of property review also apply when MTA seeks to condemn property.

The following sections include additional detail about each of the bill's requirements.

Procurement Law Exemption

Provisions of State law that generally require the Board of Public Works (BPW) to review and approve contracts and land acquisitions and that authorize and enumerate BPW's authority to condemn property for State use do not apply to maintenance and capital construction contracts to support service on MTA fixed guideway systems and associated transit facilities and vehicles. However, the bill establishes two related contingencies linked

to House Bill 587 of 2026, which proposes to modify existing procurement exemptions for the Maryland Department of Transportation (MDOT) and MTA.

If House Bill 587 fails to take effect, then the aforementioned exemptions apply. However, if House Bill 587 takes effect, then the aforementioned exemptions apply only to MTA maintenance and capital construction contracts valued at less than \$500,000.

Maryland Transportation Commission – Staffing Requirements

Notwithstanding any other provision of law, MTC must determine the qualifications and appointments, as well as compensation and leave, for up to 12 management personnel positions required by MTA to operate and administer all State-owned transit facilities. In making the determinations and appointments, MTC must consider the comparative status of employees serving in similar positions and discharging similar duties at comparable transit agencies, as specified. The bill establishes administrative processes for MTC to submit any salary increases to the Secretary of Budget and Management for review, as specified.

MTC employees appointed under the bill are State employees and must be entitled to participate in the retirement and pension systems for State employees.

Baltimore Regional Transit Commission Repeal and New Oversight Boards

The bill repeals BRTC and, instead, establishes the Board of Directors for Baltimore Core Transit Service and the Commuter Services Advisory Board, both in MTA, to generally oversee the transit services provided by MTA. The duties and responsibilities of BRTC are generally covered by the new duties and responsibilities established for the two boards. A more thorough discussion of each board's duties and responsibilities is included below; however, for both boards, MTA must:

- reallocate its staff to ensure sufficient support for the boards; and
- at a minimum, establish (1) a separate deputy administrator and an analyst for each board and (2) a support officer to be shared between the boards.

Board of Directors for Baltimore Core Transit Service

The Board of Directors for Baltimore Core Transit Service is established in MTA; “Baltimore Core Transit Service” means MTA’s Baltimore-area local bus, light rail, metro-subway, and paratransit. MDOT and MTA must provide staff for the board, including a deputy administrator who must serve as the Executive Director and report directly to the MTA Administrator. MTA must provide office space for the board. A member of the board may not receive compensation as a member but is entitled to

reimbursement for expenses. The bill establishes various duties, responsibilities, and administrative requirements for the board, including that the board must:

- approve major service plans, policies, and initiatives for Baltimore Core Transit Service and provide advice on major project initiatives, as determined by the board and MTA on a reasonable basis;
- review and approve MTA’s operating and capital budget requests for Baltimore Core Transit Service and establish, in consultation with MDOT and MTA, a timeline for review and approval that meets specified requirements;
- have approval authority over specified decisions related to federal grant funding;
- provide input and engage in advocacy for Baltimore Core Transit Service;
- request, review, and evaluate specified performance data and information from MTA, and issue related written recommendations;
- review and/or approve various reports, plans, and services, as specified;
- organize, establish, and adopt various administrative policies and procedures, including conflict of interest standards consistent with the Maryland Public Ethics Law, as specified;
- submit an annual report on system performance, trends, major projects, and other activities to specified committees of the General Assembly, make the report available to the general public, and ensure that the report is readily available on MTA’s website;
- discuss certain issues at least once each year, as specified; and
- meet at a time and place designated by the chair and meet as often as its duties require, but not less than quarterly.

Commuter Services Advisory Board

The Commuter Services Advisory Board is also established in MTA; “commuter service” means MTA’s MARC train service and commuter bus service. MDOT and MTA must provide staff for the board, including a deputy administrator who must serve as Executive Director and report directly to the MTA Administrator. MTA must provide office space for the board. A member of the board may not receive compensation as a member but is entitled to reimbursement for expenses. The board must:

- provide advice and guidance on MARC and commuter bus plans and policies;
- review and comment on major MARC and commuter bus service plans and updates;
- provide advice and guidance on the hiring and removal of the deputy administrator;
- review and comment on MTA’s operating and capital budget requests for MARC and commuter bus service and establish, in consultation with MDOT and MTA, a timeline for review and comment that meets specified requirements;

- submit an annual report on system performance, trends, major projects, and other activities to specified committees of the General Assembly, make the report available to the general public, and ensure that the report is readily available on MTA’s website; and
- meet at a time and place designated by the chair and meet as often as its duties require, but not less than quarterly.

Technical Study

MDOT must contract with BMC to complete a technical study by December 1, 2026, that:

- provides findings and considerations on the creation of a rail authority in Maryland, with the intent that this rail authority would be focused on financing for rail services;
- examines peer models that may provide insight for the findings and considerations, including models in the Commonwealth of Virginia and Austin, Texas;
- provides potential next steps to consider in the creation of a rail authority in Maryland; and
- ensures that current rail transit services remain under MTA and that funding options for a statewide rail authority do not undermine future financial support for Baltimore Core Transit Services.

BMC may consult with the Metropolitan Washington Council of Governments in completing the technical study.

Condemnation Authority

Contingent on the enactment of the constitutional amendment, the bill establishes two sets of procedures and processes for MTA to follow when it seeks to condemn property for a transit purpose using the quick-take authority. If MTA considers the first set of procedures inappropriate, MTA may (1) use the second set of procedures, after making every reasonable and good faith effort to negotiate or (2) use the standard condemnation process required under current law.

Broadly, the first set of procedures includes specifications related to planning and studies, the submission and filing of records with various State government entities, including the courts, the development of plats and property value estimates, and step-by-step processes for MTA to provide for payment and take possession of the property being condemned. The second set of procedures more directly specifies that, to condemn property, MTA must only file a petition for condemnation in the court for the county in which the property to be acquired is located and make the appropriate payment to the property owner. After the petition is filed and payment is made, MTA may take possession of the property and

proceed with construction without interference by the owner. Condemnation proceedings under the second set of procedures must otherwise follow the standard condemnation procedures set forth in current law.

Local Boards of Property Review

Contingent on the enactment of the constitutional amendment, the responsibilities for local boards of property review are expanded with respect to the boards' responsibilities during quick-take condemnations. Specifically, the boards must:

- determine the fair value of the property to be acquired by MTA when it uses the procedures specified above;
- promptly hear all cases certified to it by MTA; and
- determine the total amount of the award that must be paid by MTA.

Additionally, on request of a board, MTA must provide a local board of property review with clerical assistance, as specified.

Current Law:

Maryland Transit Administration – Reorganization

MTA is a modal unit within MDOT, and it operates a comprehensive transit system throughout the Baltimore-Washington metropolitan area, including more than 50 local bus lines in Baltimore and other services, such as the light rail, Baltimore Metro subway, commuter buses, MARC trains, and mobility/paratransit vehicles. Aside from the District of Columbia transit system, MDOT and MTA are generally the agencies responsible for the construction and operation of transit lines in the State.

Chapter 462 of 2025 established the Workgroup on the Reorganization of MTA to study the potential for reorganizing MDOT and MTA, including (1) options allowing MTA to continue providing local Baltimore City transit services, including light rail, subway, and bus services and the creation of a new unit or reorganization of the Office of the Secretary to provide statewide transit services; (2) the current contractual obligations and agreements of MTA and the necessary steps to transfer the obligations and agreements in the event of a reorganization of MDOT and MTA; and (3) the governance changes to MTA necessary to ensure that Baltimore City has the appropriate oversight and input into local Baltimore City transit service.

The bill implements several of the recommendations included in the workgroup's interim report, which can be found on [MTA's website](#). Chapter 462 requires the workgroup to

submit a final report to the Governor and the General Assembly by December 1, 2026. By that same date, the workgroup must also submit to the Speaker of the House and the President of the Senate draft legislation to effectuate the workgroup's recommendations.

Maryland Transportation Commission

Established in 1971, MTC is comprised of 17 members: 10 members appointed by the Governor with the advice of the Secretary of Transportation and the 7 regional members of SRC who serve as *ex officio* members. MTC meets monthly; a summary of its meetings and activities can be found on [MDOT's website](#).

MTC must study the entire transportation system of the State and regularly discuss with the Secretary any matter relating to the State's transportation system. Each of the seven regional members of SRC must (1) conduct a continuing survey of the secondary highways in that member's region and (2) report on the highway needs and problems of that region to MTC. MTC may request from the Secretary any information relating to MDOT that is needed for MTC's studies, surveys, and deliberations. Further, MTC must advise and make recommendations to the Secretary and the heads of the units in MDOT on all matters that concern transportation policy formation and program execution.

The Baltimore Regional Transit Commission

Established by Chapter 504, BRTC must be staffed by BMC, and MTA must allocate funds for the operational expenses incurred by the commission, including funding for one senior planner and two junior planner staffing positions. BRTC must:

- provide input and engage in advocacy for the Baltimore region public transit systems maintained by MTA;
- request and review information from the Annual Attainment Report and MTA concerning the attainment of its goals, as specified, evaluate other performance measures, and issue related recommendations;
- review and comment on service change reports and major service change proposals on a quarterly basis;
- review and comment on MTA's annual operating and capital budget request for the Baltimore region, including bus, light rail, metro, commuter bus, MARC service, and paratransit as part of the development of the draft and final *Consolidated Transportation Program*;
- review and approve any update to the *Central Maryland Regional Transit Plan*;
- review and comment on the *Capital Needs Inventory Report*; and

- review local transit plans and services in the Baltimore region to ensure coordination between the local transit services and MTA.

In carrying out its duties, the commission must endeavor to ensure that MTA's plans, budgets, decisions, policies, goals, priorities, operations, and services address the public transit needs of residents and businesses in the Baltimore region.

Procurement

Except for procurements for roads and bridges, and certain cybersecurity infrastructure modernization, BPW controls procurement by State agencies and may delegate that authority to other agencies. As such, authority over contracts for construction, commodities, services, and more for most Executive Branch agencies is delegated to the Department of General Services (DGS); the Office of State Procurement within DGS carries out the delegated authority. However, most contracts valued at more than \$200,000 (except for commodities) must still be approved by BPW.

The University System of Maryland, Morgan State University, St. Mary's College of Maryland, and Baltimore City Community College are exempt from most provisions of State procurement law, while many other State agencies and entities (such as the Department of Commerce, Maryland Energy Administration, and Chesapeake Bay Trust) are exempted in whole or in part from most State procurement law.

Nevertheless, units of State government that are exempt from Division II of the State Finance and Procurement must have written policies and procedures that apply for the exempted unit's procurements. The policies and procedures must be submitted to BPW for review at the beginning of each fiscal year and include:

- the types of procurements exempted;
- the methods of procurement to be used for exempted procurement;
- the advertising requirements for each type of exempted procurement;
- procurement goals, including minority business enterprise participation, for each type of exempted procurement; and
- the approval process for each type of exempted procurement.

Tort Liability

While most State agencies are covered by the liability limits of the Maryland Tort Claims Act (MTCA), MTA's tort liability is governed by the Transportation Article. Unlike MTCA, the Transportation Article does not include a limit on liability.

Among other provisions, MTCA limits State liability to \$400,000 to a single claimant for injuries arising from a single incident or occurrence. However, for claims arising on or after July 1, 2022, if liability of the State or its units arises from intentional tortious acts or omissions or a violation of a constitutional right committed by a law enforcement officer, other specified limits on liability apply.

Eminent Domain

The power to take, or condemn, private property for public use is one of the inherent powers of state government and, through the state, its political subdivisions. Courts have long held that this power, known as “eminent domain,” is derived from the sovereignty of the state. Both the federal and State constitutions limit the condemnation authority. Both constitutions establish two requirements for taking property through the power of eminent domain: (1) the property taken must be for a “public use”; and (2) the party whose property is taken must receive “just compensation,” which may not be less than the fair market value of the real property. In either event, the party whose property is being taken is generally entitled to a judicial proceeding prior to the taking of the property. However, the Maryland Constitution does authorize “quick-take” condemnations in limited circumstances prior to a court proceeding.

Under Title 12, Chapter 200, of the Maryland Rules, which governs court actions for acquisition of property by condemnation under the power of eminent domain, a complaint filed in an action for condemnation must contain, among other things:

- the names of all persons whose interest in the property is sought to be condemned;
- a description of the property;
- a statement of the nature of the interest the plaintiff seeks to acquire by the proposed condemnation;
- a statement that there is a public necessity for the proposed condemnation; and
- a statement that the parties are unable to agree or that a defendant is unable to agree because the defendant is unknown or under legal disability.

State Roads Commission

SRC is chaired by the Maryland State Highway Administration (SHA) Administrator and includes seven other members that represent different geographic regions of the State. SRC has oversight authority over real estate transactions undertaken by SHA. For example, the Maryland Constitution requires SRC to determine when property is needed by SHA for highway purposes and to estimate the fair value of said property when it is acquired.

State law specifies that, on behalf of and at the request of SHA, SRC may exercise the authority granted by the Maryland Constitution related to the condemnation of property, including the ability to quick-take property, for any highway purpose.

Local Boards of Property Review

There is a board of property review in each county and, if necessary, additional boards of property review may be appointed in any county. Each county must provide a suitable place for its board to meet and, whenever possible, the clerk of the court must provide suitable clerical assistance. If the clerk fails to provide clerical assistance, SHA must provide it on request of the board. Regarding the quick-take condemnation authority for SRC, each board of property review:

- must hear promptly all cases certified to it by SRC;
- must determine the total amount of the award to be paid to SRC; and
- may determine the portion of an award to be paid to persons, other than the fee owner, who have an interest in the property.

Unless all parties in a case certified to a board agree otherwise, the full board must hear and decide a case, as specified. The board must determine the fair value of a property to be acquired as of the date payment is made, as specified.

If any party is dissatisfied with the findings or award of a board of property review, the case may be appealed to the court. On appeal, the court must hear and determine the case *de novo*.

Federal Law Governing Limitations on Rail Passenger Transportation Liability

[Federal law](#) (49 U.S.C. § 28103) establishes limitations on rail passenger transportation liability. Generally, in a claim for personal injury to a passenger, death of a passenger, or damage to property of a passenger arising from or in connection with rail passenger transportation, as specified, punitive damages, to the extent permitted by applicable state law, may be awarded in connection with any such claim only if the plaintiff establishes by clear and convincing evidence that the harm that is the subject of the action was the result of conduct carried out by the defendant with a conscious, flagrant indifference to the rights or safety of others.

Additionally, the aggregate allowable awards to all rail passengers, against all defendants, for all claims, including claims for punitive damages, arising from a single accident or incident, may not exceed \$200.0 million.

State Expenditures: TTF expenditures increase by an estimated \$319,456 in fiscal 2027 for costs and savings associated with staffing and the study required by the bill. In addition, beginning in fiscal 2027, the bill likely (1) increases TTF expenditures depending on the staff compensation determinations made by MTC; (2) decreases TTF expenditures due to project efficiencies resulting from MTA being exempt from procurement law; and (3) decreases TTF expenditures, potentially significantly, due to the tort liability limits established by the bill for MTA. Additionally, if the constitutional amendment is approved by the voters at the 2026 general election, TTF expenditures may decrease significantly beginning as early as fiscal 2027 to the extent that MTA can more quickly and efficiently acquire rights-of-way for its transit projects.

Due in large part to the potential savings resulting from the tort liability limits established by the bill for MTA, even if the constitutional amendment is not approved by the voters at the 2026 general election, the net effect of the bill is likely a decrease in overall TTF expenditures for MTA. The following sections contain additional detail about the various known and unknown impacts of the bill on MDOT’s and MTA’s operations and finances.

Staffing and Study Costs and Savings

The bill repeals BRTC and the required funding that MTA must provide for BRTC staff under current law, which is approximately \$500,000 per year. Instead, the bill establishes two new boards to generally oversee MTA operations in the Baltimore region, requires each board to have a separate deputy administrator and analyst, and requires the two boards to share a support officer. Additionally, the bill requires MDOT to contract with BMC to complete a technical study regarding the establishment of a rail authority.

Related to these provisions, net TTF expenditures increase by \$319,456 in fiscal 2027, which accounts for the bill’s October 1, 2026 effective date. This estimate reflects the cost of hiring the five staff required by the bill for the two new boards. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. It also includes \$375,000 in prorated savings due to the repeal of BRTC and a one-time cost of \$100,000 for MDOT to contract with BMC for the required study.

Positions	5.0
Salaries and Fringe Benefits	\$548,752
Study Costs	100,000
BRTC Savings	-375,000
Operating Expenses	<u>45,704</u>
Net FY 2027 TTF Expenditures	\$319,456

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. It also reflects the termination

of the one-time cost for the study and ongoing savings of \$500,000 annually due to the repeal of BRTC.

The bill also requires MTC to determine qualifications and compensation for up to 12 management positions that operate and administer MTA's transit facilities. Depending on the determinations made by MTC, TTF expenditures may increase further; however, any such impact cannot be reliably estimated without actual experience under the bill. The Department of Legislative Services (DLS) notes, however, that the impact is likely to total no more than several hundred thousand dollars annually because these management positions already exist within MTA.

Procurement Exemption

The bill exempts most or all (depending on the contingencies in the bill) capital construction contracts that support service on MTA's fixed guideway systems and associated transit facilities and vehicles from State procurement law. MDOT advises, and DLS concurs, that the change may decrease TTF expenditures for some projects by allowing the procurements and related contract awards to take place more quickly and efficiently; however, any such impact cannot be reliably estimated without actual experience under the bill.

Tort Liability Limits

Although a precise estimate cannot be made at this time, the bill may significantly decrease TTF expenditures by MTA for liability awards and insurance premiums. MDOT advises that MTA currently purchases excess insurance coverage of up to \$290.0 million, which is in addition to its budgeted \$10.0 million for self-insurance. Moreover, MDOT advises that in recent years, MTA has had to pay claims totaling millions of dollars; similar claims that take place under the bill would be capped at \$400,000.

According to MTA, the bill's liability cap may also allow it to decrease expenditures on procurements from third-party vendors. MTA currently requires contractors to carry \$5.0 million in liability insurance due to the administration's unlimited liability. A reduction in this insurance requirement may reduce the costs for MTA contracts with these vendors.

Constitutional Amendment – Condemnation Authority

If the constitutional amendment is approved by the voters at the 2026 general election, MTA would have additional tools with which to acquire property for transit projects, which may decrease overall TTF expenditures, potentially significantly, by allowing projects to

advance more quickly. Any such impact, however, cannot be reliably estimated without actual experience under the bill.

It is assumed that MTA can provide clerical assistance to local boards of property review using existing budgeted resources.

Small Business Effect: As noted above, MTA requires contractors to carry \$5.0 million in liability insurance due to the administration's unlimited liability. The cost of obtaining the excess coverage can be a financial burden for MTA's contractors and may limit the parties who are able to bid on MTA's contracts. The bill's liability cap reduces insurance requirements for MTA contracts, which reduces insurance costs for small businesses doing business with MTA and enhances contracting opportunities with MTA for small businesses.

Additional Information

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

Designated Cross File: SB 947 (Senator McCray) - Finance and Budget and Taxation.

Information Source(s): Maryland Department of Transportation; Maryland State Archives; Maryland State Board of Elections; Maryland State Treasurer's Office; Judiciary (Administrative Office of the Courts); Department of Budget and Management; Department of General Services; Anne Arundel and Baltimore counties; Maryland Municipal League; Department of Legislative Services

Fiscal Note History: First Reader - February 25, 2026
caw/mcr Third Reader - April 1, 2026
Revised - Amendment(s) - April 1, 2026

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510