

Office of the County Auditor
Auditor's Analysis

Council Bill No. 4-2023

Introduced: January 3, 2023

Auditor: Lori Buchman

Fiscal Impact:

Our Office has projected that the proposed legislation will generate approximately \$531,000 annually. The additional revenue must be used for fixed route transit service. This estimate is based on ridership averages in surrounding jurisdictions. **Attachment A** illustrates how our Office calculated the projected revenue.

The Office of Transportation (OOT) has advised that while the legislation contains additional reporting requirements, it is not anticipated that the increased workload will require additional County staff.

Purpose:

In accordance with Section 10-406 of the Public Utilities Article of the Maryland Code, the proposed legislation seeks to impose an assessment of 25 cents per trip that originates in the County and is generated through a Transportation Network Service company (TNS), such as Uber and Lyft. In addition, a Transit Services Improvement Fund will be created and used to increase appropriations for fixed route transit services.

Other Comments:

Per the State Code referenced above, the TNS shall collect the assessment and submit payment to the State Comptroller on a quarterly basis. Within forty-five days of the end of each calendar quarter, the Comptroller shall distribute the revenue, retaining no more than a 5 percent administrative fee, to the County. Please note, our review of recent disbursements indicates the Comptroller has been charging a 1 percent administrative fee.

Per the State Comptroller's Office, the following jurisdictions impose the assessment:

| Jurisdiction | Effective Date | Assessment Rate |
|------------------------|-----------------------|------------------------|
| Ocean City | 11/1/2015 | \$0.25 |
| Montgomery County | 12/1/2015 | \$0.25 |
| City of Frederick | 3/1/2016 | \$0.25 |
| City of Brunswick | 7/1/2016 | \$0.25 |
| Prince George's County | 7/1/2016 | \$0.25 |
| City of Annapolis | 5/1/2017 | \$0.25 |
| Baltimore City | 8/1/2020 | \$0.25 |

The OOT has not yet identified specific services that can be funded with the additional revenue. However, their anticipated uses for the funding are:

- Purchase of additional buses
- Purchase of electric vehicles and/or charging equipment to reduce the RTA fleet's carbon footprint
- Fund additional improvements to bus stops or bus facilities
- Operate new fixed route service
- Fund the increased incremental cost of required ADA service

OOT indicates the Transit Development Plan (TDP) is currently being updated. This plan will outline recommended improvements to transit services in the County. The TDP will be completed this summer and will be submitted to the County Council for adoption in late 2023.

Finance anticipates a sub-fund will be created within the Program Revenue Fund, called the Transit Services Improvement Fund. This sub-fund will track the revenues and expenditures related to fixed route transit services.

Attachment A

| Annual Rideshare Revenue Estimate | | | | | |
|---|----------------|----------------|----------------|--------------|------------------------|
| | Montgomery Co. | Frederick City | Prince Georges | Average | Howard County Estimate |
| ¹ Population | 1,054,827 | 79,588 | 955,306 | 696,574 | 334,529 |
| Estimated # of Rides/ pp | 6 | 4 | 10 | 6 | 6 |
| Estimated # of Rides | 6,315,152 | 289,939 | 9,182,776 | 5,262,622 | 2,145,703 |
| ² Cost per Ride | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Potential Revenue/Yr | \$ 1,578,788 | \$ 72,485 | \$ 295,694 | \$ 1,315,656 | \$ 536,426 |
| ³ Estimated Annual Distribution to Howard County | | | | | \$ 531,061 |

¹ Population totals are based on Census data estimated for 2021 as of July 1, 2021.

² Cost per ride origination in its municipality/ county.

³ Assumption that 1 percent will be retained by the Comptroller's Office, which aligns with the Administrative Costs retained by the State in recent reporting periods. However, this fee could be increased to 5 percent at the discretion of the State.