This bill eliminates the required the highly unusual farebox recovery percentage. Under current law, Maryland Transit Authority (MTA) is required to separately recover from fares and other revenues at least 35% of the total operating costs for all of the MTA’s Baltimore area services. In order the meet the 35% farebox recovery ratio, MTA may not reduce the level of services provided and must adjust fare prices.

**Why Should the Farebox Recovery Rate Be Repealed?**

1. Maryland is one of the few states that legally requires the transit authority to cover a certain percentage of operating costs from fares. While California legally requires a certain percentage for transit, the percentage is significantly less at 10%.
2. Maryland’s current farebox recovery rate creates a strong disincentive for investing in transit including maintenance, cleaning and training operators. Every investment that increases the operating cost of the vehicle makes it harder to meet the 35% fare box recovery standard. Replacing windshield wipers, fixing the brakes, cleaning the bus, and training the operator all add costs yet are critical for a well operated system.

***This legislation will…***

* Remove disincentives for investing in transit improvements
* Allow MTA to focus on metrics that improve the overall transit system
* End unnecessary increased fare costs
1. Performance measures are critical to a well operating transit system and should be focused on metrics that improve the system. These can include number of riders, on-time performance, and ability for people to get where they need to go efficiently. The fare box should be a metric but not a highly unusual legally required standard.
2. The 35% fare box recovery forces fare increases. This means that increased transit fares hit struggling communities the hardest.
3. MTA took no position on the bill but it points out in its letter that “ever-present inflation and market factors, as well as wage and benefits increases, result in expenditure growth that far outweighs any revenues collected through transit fares.” Additionally the letter points out “as such, farebox recovery alone does not provide a clear indication of the cost of providing service, the amount of passenger trips, the size of the service area, or how efficiently MTA provides services.

**2016 Legislative Session result: Bill did not pass**