



STATE OF MARYLAND  
OFFICE OF THE GOVERNOR

LARRY HOGAN  
GOVERNOR

Monday, September 11, 2017

The Honorable Terry McAuliffe  
Governor of Virginia  
1111 East Broad Street  
Richmond, VA 23219

The Honorable Muriel Bowser  
Mayor of the District of Columbia  
1350 Penn Ave NW  
Washington, DC 20004

Re: Washington Metropolitan Area Transit Authority (WMATA)

Dear Governor McAuliffe and Mayor Bowser,

Following the most recent proposals at our regional meeting on August 28, I wanted to follow up with you in an effort to continue and to further our discussions regarding the future of Metro.

As I have stated repeatedly, both publicly and in our private deliberations, I fully support Metro and recognize its role as a vital economic driver for Maryland and our region. Despite its long-standing financial mismanagement and safety and reliability issues, Metro nonetheless continues to play an incredibly important and vital role in the region.

Our administration has consistently supported Metro through substantial investments to both its capital and operating budgets. Over the past three budgets, our administration has increased Maryland's contributions by more than 12.5 percent, an addition of over \$55 million.

In total, our administration has invested \$1.4 billion into the system, and we continue to provide this strong level of financial support. For example, in fiscal year 2018 alone, Maryland is investing half a billion dollars.

As you are likely aware, 21 percent of Metro's ridership comes from Maryland, with 23 percent coming from Virginia, and 55 percent from Washington, D.C. When comparing each jurisdiction's investments over the past three years, and by any logical measure, Maryland has been paying not only our fair share, but actually more than our fair share.

However, the debate we are having now is not about the past, but rather what we can all do now to ensure that Metro not only survives, but dramatically improves.

The long-standing safety, performance, and fiscal integrity issues that have plagued Metro for years are well known. The fact is they predate all of our terms in office by decades, but that does not absolve us of the responsibility to solve them.

According to WMATA, a commitment of \$500 million in additional funding is needed, in short order, to continue safety and reliability improvements and to prevent further deterioration of the system. There is absolutely no separation between us on how critical Metro is and that action needs to be taken to guarantee its short-term and long-term future. However, there is very clear separation between us on how we collectively meet this \$500 million funding challenge.

Since I became governor of Maryland, I have continually advocated for increased federal contributions to Metro – repeatedly and forcefully making that point to officials in both the previous and the current administration, including Transportation Secretaries Elaine Chao and Anthony Foxx.

The metro system in Washington, D.C. was built to accommodate the needs of our nation's capital, the Federal City. Forty-two percent of Metro riders are federal employees, and yet the federal government's investment does not reflect this fact. At our most recent regional meeting, I once again made the case for this increased federal support, and I was thrilled that you both now agree to join with Maryland in that effort.

I was also encouraged that there was unanimous agreement among us to support the initial report presented by former Transportation Secretary Ray LaHood, and proposed by Virginia, to dramatically change the structure of the WMATA Board and to replace it with a new governing structure. However, no real roadmap was proposed explaining how this change would take place, and we have still not seen any details of this report.

You will recall that I expressed concern that we could not achieve a new governing structure without revisiting the WMATA Compact, which legally requires its current structure. You both stated your opposition to revisiting the Compact. Going forward, I believe it would be helpful to avoid proposing ideas to reform WMATA without also proposing how we are actually going to accomplish them.

Most concerning to me was the proposal from the District of Columbia to institute a massive regional sales tax. This is obviously not a viable proposal, and as I pointed out, it has no real chance of being implemented anytime in the foreseeable future. The sales tax is a regressive tax, which disproportionately hurts the poorest of our citizens, and I again expressed my strong opposition to this idea.

Governor McAuliffe, you and I both expressed doubt about this proposal. You suggested that it would be very unlikely for you to get a sales tax increase passed by Virginia's legislature.

Prior to my election as governor, Maryland increased the sales tax by 20 percent, the largest and most regressive tax hike in state history. The people of Maryland elected me to end the practice of simply raising taxes, over and over again, to solve problems that could otherwise be solved by effective governance and prudent fiscal management.

In my experience, providing real leadership and serving the public successfully often requires making the tough decisions that those before you, or others, either failed or refused to make. It is in that spirit that I am writing to propose a new solution in addition to my previous proposal of increased federal contributions:

The region can no longer avoid taking action, and the needs of the Metro system are immediate and overwhelming. Given the current crisis, the State of Maryland is prepared to invest an additional \$500 million in increased Metro funding over the next four years if the Commonwealth of Virginia, the District of Columbia, and the federal government all commit to do the same.

This would be an additional \$125 million in increased annual Metro funding from Maryland over the next four years if the other three partners commit to the same level of increased funding. If Washington, D.C. wants to fulfill their obligation by taxing the poorest of its citizens, they could certainly move forward with a sales tax increase. Our proposal would give the region and the jurisdictions who are party to the Compact four years to formulate a long-term, more permanent solution to WMATA's fiscal challenges.

During the course of our many discussions, you have both stated your skepticism of the potential for increased federal investment. However, we have yet to join in a unified lobbying effort, with all three jurisdictions proactively committing to our own proposed additional funding. I am confident that if Maryland, Virginia, and Washington, D.C., in addition to our congressional delegations, collectively bring this proposal to the federal government, our chance of success will be higher.

Maryland's recent success in securing a Full Funding Grant Agreement, the morning of our last regional meeting, for nearly a billion dollars to build the Purple Line offers proof that the current administration is more than willing to make prudent investments in transit projects with partners that are equally invested and willing to pull their weight.

As long as I am governor, Maryland will continue to provide leadership and will work with all our partners toward potential solutions to Metro's serious problems. We can not go it alone, but we are prepared to make an unprecedented additional investment into the Metro system if our other partners are willing do the same.

Ultimately, the choice is yours – we can continue to talk about solutions that have little or no chance of success, or we can step up now, make the hard decisions, and invest in our region's most important and essential transit system.

Maryland is ready to take the latter path forward, and I am respectfully asking you to join me in this effort. By working toward bipartisan, common sense solutions, together we can secure Metro's future – our citizens deserve nothing less.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry Hogan". The signature is fluid and cursive, with the first name "Larry" and the last name "Hogan" clearly distinguishable.

Larry Hogan  
Governor

CC: Paul Wiedefeld, General Manager and Chief Executive Officer, WMATA  
Jack Evans, Chair, WMATA Board of Directors  
Keturah D. Harley, First Vice Chair, WMATA Board of Directors  
Jim Corcoran, Second Vice Chair, WMATA Board of Directors  
Steve McMillin, Federal Government, WMATA Board of Directors  
Corbett A. Price, District of Columbia, WMATA Board of Directors  
Michael Goldman, Maryland, WMATA Board of Directors  
Catherine Hudgins, Virginia, WMATA Board of Directors  
David Horner, Federal Government, WMATA Board of Directors