



Senate Bill 362

Transportation - Highway User Revenues - Revenue and Distribution

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: February 2, 2021

From: Drew Jabin

The Maryland Association of Counties **SUPPORTS** SB 362, which provides a long-term restoration for the state-levied transportation revenues needed to support safety and maintenance work on local roads and bridges across Maryland.

For decades, the State supported a balanced means to maintain its transportation infrastructure. The bulk of transportation revenues – mainly motor fuel and vehicle titling taxes – have been split between the State (for its consolidated Transportation Trust Fund, serving multiple modes) and local governments (who own and maintain roughly 5 of every 6 road miles across the state). For decades, this split served all parties effectively.

During the depths of the “great recession” in 2009, the State faced a mid-year budget crisis. The Board of Public Works adopted a 90% reduction of the local distributions of these Highway User Revenues and a roughly 40% reduction to Baltimore City’s allocation (the largest by far to any jurisdiction). Since then, recession-driven cutbacks in many service areas have been fully or largely restored. This is not the case with Highway User Revenues – they remain far, far behind historic levels, even after the State has enacted a substantial transportation revenue increase.

SB 362 takes an appropriate “next step” with Highway User Revenues – eliminating the coming “cliff effect” following a multi-year advance in local funding. The bill also provides an extra step in funding targeted to municipal governments and Baltimore City, while properly attaching the local share to the inflation-adjusted base. Finally, the bill affords the same statutory “lockbox” protection to these local distributions as was granted to State transportation funds, as part of the 2013 changes to transportation revenue structure. MACo supports each of these provisions. They offer a positive next step for our statewide transportation investments.

SB 362 represents a forward-thinking next step for funding local transportation needs, and avoids a dramatic “cliff effect” in state funding. Accordingly, MACo urges the committee to **SUPPORT** SB 362.