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MAYOR

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SB 362

February 2, 2021

TO: Members of the Budget and Taxation Committee
FROM: Natasha Mehu, Director of Government Relations
RE: Senate Bill 362 - Transportation - Highway User Revenues - Revenue and Distribution

POSITION: SUPPORT

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 362.

In response to a significant shortfall in state revenues at the height of the Great Recession, Highway User Revenues (HUR) to local jurisdictions were dramatically cut in FY2008. Despite the prolonged economic recovery and stabilization of the Transportation Trust Fund – in part due to a fuel tax increase during the 2014 Legislative Session - HUR state aid to local governments remains historically low. No jurisdiction has been impacted more negatively than the City of Baltimore.

Baltimore City receives the largest share of local HUR aid of any locality in Maryland because it is the only jurisdiction responsible for maintaining all State Highways within its boundaries and an Interstate Highway, I-83. Baltimore City's FY2020 HUR allocation is approximately two-thirds of FY2007 allocation, and during the course of the past 13 fiscal years, this reduction has resulted in a loss of more than \$850 million in cumulative revenue that is desperately needed to reinvest in the city's aging infrastructure. Providing the city the opportunity to invest in our infrastructure would also yield savings to the State of Maryland as the current condition of Baltimore City roadways contributes to wear and tear on the thousands of state-owned vehicles operated by the Maryland Transit Administration.

SB 362 helps to close the funding gap by securing the city's HUR appropriation level at 8.8% which is an increase over the current level of 8.3% and the projected reduced level of 7.7% that would become effective in FY2025 under the current law. While this increased share is appreciated, 8.8% is still significantly less than the 12.2% that the City of Baltimore was allocated in FY2008.

For these reasons, we respectfully request a **favorable** report on SB 362.

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