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SB 726

March 9, 2022

TO: Members of the Senate Budget and Taxation Committee
FROM: Natasha Mehu, Director, Office of Government Relations
RE: Senate Bill 726 – 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) 726.

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 during FY2010. 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 allocation to local governments remains historically low. No jurisdiction has been impacted more negatively than the City of Baltimore.

Baltimore City has historically received the largest share of local HUR allocation of any locality in Maryland because we are the only jurisdiction where the State Highway Administration does not maintain any roads. Instead, virtually all roads within Baltimore City are maintained locally by the Baltimore City Department of Transportation. Baltimore City's FY2021 HUR allocation was roughly two-thirds of FY2007 allocation, and over the course of the past 14 fiscal years, this ongoing funding cut has resulted in a cumulative loss of more than \$900 million in revenue that is desperately needed to reinvest in the City's aging infrastructure. With the recent passing of the Infrastructure Investment and Jobs Act, the restoration of HUR allocation to local governments is critical due to the need for local matching funds to tap federal infrastructure dollars. Furthermore, providing the City of Baltimore the capacity to invest in our infrastructure would also directly benefit 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 MDOT MTA.

Starting in FY2025, SB 726 effectively removes the HUR funding cut to Baltimore City by increasing the City's annual HUR appropriation percentage to 12.1%. Though the proposed increase to the City's annual HUR appropriation doesn't fully address the lost revenue from the past decade, the additional revenue will be of tremendous benefit to the City of Baltimore as we look to modernize and improve our transportation infrastructure.

For these reasons, we respectfully request a **favorable** report on SB 726.