



Senate Bill 726

Transportation – Highway User Revenues – Revenue and Distribution

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: March 9, 2022

From: Kevin Kinnally and Dominic J. Butchko

The Maryland Association of Counties SUPPORTS SB 726. The bill would restore counties' percentage of Highway User Revenues (HURs) to their pre-2007 percentage. **Restoration of local infrastructure funding sits atop MACo's legislative initiatives for the 2022 session - it is local governments' top priority.**

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.

Unfortunately, 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 726 would reset the state and local share of HURs to their pre-2007 percentages. This distribution served Maryland for decades before the recession-driven cutbacks. Given the opportunities created by federal infrastructure investments, and the compelling needs demonstrated by local governments on a decade-plus “starvation diet” of road and bridge funding, counties believe now is an opportune time to restore investment in critical local infrastructure.

It is important to note that SB 726 does not institute any new taxes, tolls, or fees – this bill is about redistributing existing resources to their rightful “fair share” percentage.

SB 726 would restore funding to local transportation needs. Accordingly, MACo urges the Committee to **SUPPORT** SB 726 and full funding for our local roads and bridges, whether through SB 726 or other legislation.