



TESTIMONY PRESENTED TO THE SENATE BUDGET AND TAXATION COMMITTEE

**HOUSE BILL 1187 – TRANSPORTATION – HIGHWAY USER REVENUES –
REVENUE AND DISTRIBUTION**

Sponsor – Delegate Anderton, et al

March 29, 2022

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Support with Amendments

House Bill 1187 as amended increases the share of funds from the Gasoline and Motor Vehicle Revenue Account (GMVRA) that the Maryland Department of Transportation (MDOT) must annually provide to local governments through capital transportation grants beginning in fiscal 2024 through fiscal 2027. In fiscal year 2028, the share will return to the low levels instituted in 2009 at the height of the Great Recession.

Prior to the 2008 recession, local governments shared in 30% of the funds in the GMVRA. In 2009, with the state facing budget crisis, the Board of Public Works adopted a 90% reduction of the local distributions and a 40% reduction to Baltimore City (which maintains all of the roads within its borders with few exceptions). While other recession cuts have since been restored, GMVRA cuts have not, despite the State's substantial transportation revenue increase in 2013.

Legislation passed by the General Assembly in 2018 established the current funding level for municipal Highway User Revenue (HUR) for a duration of five fiscal years. The looming sunset complicates local governments' ability to commit to longer-term transportation project plans. Maintaining the current level of grants has proven inadequate to fund the transportation needs of local governments around the state.

Predictability of the revenue sources and the distribution allocation of GMVRA was something on which local governments could rely in the decades preceding the cuts of 2009. Gas tax revenue and vehicle registration fees accounted for the lion's share of revenues into the GMVRA account with local governments benefitting from funding predictability based on a statutory share of the account. This allowed for local governments to engage in long-term infrastructure planning at a funding level that met the needs of the residents. This partnership between the State and local governments provided a stable, predictable revenue sharing mechanism for local governments to rely upon when budgeting for transportation infrastructure projects. This has not been the case over the past decade and local governments have struggled to compensate for the unexpected loss of these funds.

Unfortunately, House Bill 1187 has been drastically amended and will not provide the relief that local government so desperately needs. Even at its proposed highest levels in fiscal year 2027, the share for all local governments only reaches about half of what it was prior to the recession cuts. Then in fiscal year 2028, the local government share returns to its post-recession low of 9.6%.

As currently written, House Bill 1187 is inconsistent with a key tenet in *Gaining a Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth:

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Superior transportation infrastructure with reliable funding mechanisms. An essential prerequisite of a competitive business environment includes well-funded and maintained highway, transit, port, and airport infrastructure that provides reliable and efficient options to move people, goods, and services.

The Greater Baltimore Committee respectfully requests that the Senate Budget and Taxation Committee amend House Bill 1187 by returning it to its posture as initially introduced. With that amendment, House Bill 1187 would give local governments predictability in future transportation funding, allow them to engage in long-term infrastructure planning, and avoid reliance on general funds to pay for transportation projects.

For these reasons, the Greater Baltimore Committee urges a favorable with amendments report on House Bill 1187.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 67-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.