

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 288

(Senator McCray)

Budget and Taxation

Transportation - Highway User Revenues Capital Grants - Calculation

This bill increases, beginning in fiscal 2027, the amount 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. Specifically, MDOT must provide increased capital transportation grants to counties in fiscal 2027 and to Baltimore City, counties, and municipalities beginning in fiscal 2028. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Because MDOT's capital program is fully subscribed, overall Transportation Trust Fund (TTF) expenditures are not affected. However, over the five-year period addressed in this fiscal and policy note, relative to current law, the bill requires MDOT to redirect an estimated \$227.6 million in FY 2027, \$324.0 million in FY 2028, \$332.3 million in FY 2029, \$341.6 million in FY 2030, and \$351.2 million in FY 2031 to local governments.

Local Effect: Over the five-year period addressed in this fiscal and policy note, relative to current law, local government revenues increase (in total) by an estimated \$227.6 million in FY 2027, \$324.0 million in FY 2028, \$332.3 million in FY 2029, \$341.6 million in FY 2030, and \$351.2 million in FY 2031. Expenditures are not directly affected.

Small Business Effect: Minimal or none.

Analysis

Bill Summary/Current Law: Under current law, TTF provides local transportation aid through GMVRA, and revenues in the account are commonly referred to as highway user revenues. Currently, the revenues dedicated to the account include all or some portion of

the motor vehicle fuel tax, vehicle titling tax, vehicle registration fees, short-term vehicle rental tax, and State corporate income tax. GMVRA revenues are distributed to local governments through capital transportation grants.

The amount of the grants that MDOT must annually provide to local governments from GMVRA is based on a statutory formula which was last modified by Chapter 240 of 2022. **Exhibit 1** shows the distribution of GMVRA revenues required beginning in fiscal 2027 under both current law and the bill.

Exhibit 1
Distribution of Highway User Revenues
Under Current Law and the Bill

	FY 2027 Only		Annually Beginning in FY 2028	
	<u>Current Law</u>	<u>The Bill</u>	<u>Current Law</u>	<u>The Bill</u>
MDOT	80.0%	69.6%	84.4%	69.6%
Baltimore City	12.2%	12.2%	9.5%	12.2%
Counties	4.8%	15.2%	3.7%	15.2%
Municipalities	3.0%	3.0%	2.4%	3.0%

MDOT: Maryland Department of Transportation

Source: Department of Legislative Services

State Fiscal Effect: Altering the GMVRA distribution formula beginning in fiscal 2027 decreases MDOT's share of highway user revenues and increases the local share of highway user revenues provided through capital transportation grants.

Because MDOT's capital program is fully subscribed, MDOT must redirect capital funding from other projects to provide the additional capital transportation grants to local governments. Relative to current law and based on the estimated funds credited to GMVRA, the bill requires MDOT to redirect \$227.6 million in fiscal 2027, \$324.0 million in fiscal 2028, \$332.3 million in fiscal 2029, \$341.6 million in fiscal 2030, and \$351.2 million in fiscal 2031 (totaling approximately \$1.6 billion over the five-year period addressed in this fiscal and policy note) to local governments.

Local Fiscal Effect: Over the five-year period addressed in this fiscal and policy note, relative to current law, local jurisdictions' highway user revenues (in total) increase by an

estimated \$227.6 million in fiscal 2027, \$324.0 million in fiscal 2028, \$332.3 million in fiscal 2029, \$341.6 million in fiscal 2030, and \$351.2 million in fiscal 2031. The distribution of the increase among Baltimore City, the counties, and municipalities is shown in **Exhibit 2**.

Exhibit 2
Projected Increase in the Local Distribution of Highway User Revenues
Fiscal 2027-2031
(\$ in Millions)

	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Baltimore City	\$0.0	\$59.1	\$60.6	\$62.3	\$64.1
Counties	227.6	251.8	258.2	265.5	272.9
Municipalities	0.0	13.1	13.5	13.9	14.2
Total	\$227.6	\$324.0	\$332.3	\$341.6	\$351.2

Note: Totals may not sum due to rounding.

Source: Department of Legislative Services

Exhibit 3 shows the *increase* in highway user revenues distributed to localities (relative to current law) and the *total* amount of highway user revenues distributed to localities for fiscal 2027 through 2031 under the bill (by county).

Exhibit 3
Local Government Highway User Revenues – Increase and Total by County
Fiscal 2027-2031
(\$ in Millions)

	FY 2027		FY 2028		FY 2029		FY 2030		FY 2031	
	<u>Increase</u>	<u>Total</u>	<u>Increase</u>	<u>Total</u>	<u>Increase</u>	<u>Total</u>	<u>Increase</u>	<u>Total</u>	<u>Increase</u>	<u>Total</u>
Allegany	\$4.1	\$9.1	\$5.1	\$9.1	\$5.3	\$9.3	\$5.4	\$9.6	\$5.6	\$9.8
Anne Arundel	24.0	38.6	27.2	38.6	27.9	39.6	28.7	40.7	29.5	41.8
Baltimore City	0.0	267.0	59.1	267.1	60.6	273.9	62.3	281.6	64.1	289.5
Baltimore	33.0	48.3	36.6	48.3	37.5	49.6	38.5	50.9	39.6	52.4
Calvert	5.3	8.6	6.0	8.6	6.2	8.8	6.4	9.0	6.5	9.3
Caroline	3.3	6.0	3.9	6.0	4.0	6.1	4.1	6.3	4.2	6.5
Carroll	9.1	17.3	10.9	17.3	11.1	17.7	11.5	18.2	11.8	18.7
Cecil	5.4	9.7	6.3	9.7	6.5	10.0	6.7	10.3	6.9	10.6
Charles	8.3	13.2	9.4	13.2	9.6	13.5	9.9	13.9	10.2	14.3
Dorchester	3.6	6.7	4.3	6.7	4.4	6.9	4.5	7.1	4.6	7.3
Frederick	11.7	24.8	14.5	24.8	14.9	25.4	15.3	26.1	15.7	26.9
Garrett	4.4	7.4	5.1	7.4	5.2	7.6	5.4	7.9	5.5	8.1
Harford	11.6	19.9	13.4	19.9	13.7	20.4	14.1	21.0	14.5	21.6
Howard	13.5	19.8	15.0	19.8	15.3	20.3	15.8	20.9	16.2	21.4
Kent	1.9	3.4	2.2	3.4	2.3	3.5	2.3	3.6	2.4	3.7
Montgomery	30.7	54.7	35.9	54.7	36.8	56.1	37.9	57.7	38.9	59.3
Prince George's	24.5	49.3	29.8	49.3	30.6	50.6	31.4	52.0	32.3	53.5
Queen Anne's	4.5	7.0	5.0	7.0	5.2	7.2	5.3	7.4	5.5	7.6
Somerset	2.3	3.9	2.7	3.9	2.7	4.0	2.8	4.1	2.9	4.2
St. Mary's	6.6	10.1	7.4	10.1	7.6	10.3	7.8	10.6	8.0	10.9
Talbot	2.7	5.7	3.3	5.7	3.4	5.9	3.5	6.0	3.6	6.2
Washington	7.4	14.8	9.0	14.8	9.2	15.2	9.5	15.6	9.7	16.1
Wicomico	5.5	11.5	6.7	11.5	6.9	11.8	7.1	12.2	7.3	12.5
Worcester	4.3	8.4	5.2	8.4	5.3	8.7	5.5	8.9	5.7	9.2
Total	227.6	665.2	324.0	665.6	332.3	682.6	341.6	701.8	351.2	721.4

Notes: Totals may not sum due to rounding. Estimate assumes that highway road miles and vehicle registrations in fiscal 2027 remain constant through fiscal 2031.

Source: Department of Legislative Services

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Anne Arundel, Frederick, and Somerset counties; Maryland Association of Counties; cities of Frederick and Havre de Grace; Maryland Municipal League; Department of Legislative Services

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