

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 669 (Delegate Pruski)
Environment and Transportation

Political Subdivisions - Third-Party Road Improvements - Satisfactory
Completion

This bill prohibits a political subdivision (*i.e.*, any county or municipality) from issuing a use and occupancy permit to a nongovernment holder of a permit issued by the State Highway Administration (SHA) to complete specified types of work on a State highway until the work is completed to the satisfaction of SHA and the political subdivision. The bill only applies to work completed on a State highway that carries an average traffic volume of more than 25,000 vehicles a day.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures decrease beginning as early as FY 2027 to the extent the bill results in fewer instances in which SHA assumes responsibility from private contractors for completing work on State highways, as discussed below. Revenues are not affected.

Local Effect: The bill is not anticipated to significantly affect local government finances but may delay the issuance of use and occupancy permits in some cases.

Small Business Effect: Potential meaningful.

Analysis

Current Law: SHA must construct, reconstruct, and repair State highways as necessary and maintain them in good condition. Generally, unless a person has a permit from SHA, the person may not:

- make an opening in any State highway;
- place any structure on any State highway;
- change or renew any structure placed on any State highway;

- dig up any State highway for any purpose, including the placement of pipes, sewer, poles, wires, or rails;
- plant or remove any tree on any State highway; or
- place any obstruction or improvement on any State highway.

If any such work is permitted by SHA, the work must be performed to the satisfaction of SHA and under its supervision. The person to whom the permit is issued or by whom the work is done must pay the cost of replacing the highway in as good a condition as before the work was done.

SHA must require a nongovernment applicant for a permit who is a developer to submit a performance bond, letter of credit, or surety acceptable to SHA. Additionally, any nongovernment applicant must submit a payment bond, letter of credit, or other surety if (1) the amount of the improvement is estimated to exceed \$100,000; (2) the project is financed, in whole or in part, by private funds; and (3) the entire improvement is located outside the applicant's property.

State Expenditures: SHA anticipates, and the Department of Legislative Services concurs, that by prohibiting a political subdivision from issuing a use and occupancy permit for work permitted by SHA until SHA and the political subdivision approve of the completed work, the bill may result in fewer instances in which SHA ultimately assumes responsibility from private developers for completing any remaining work that was not completed satisfactorily; accordingly, the bill may result in a decrease in TTF expenditures beginning as early as fiscal 2027.

More specifically, SHA advises that, frequently, a developer completes a building or other site work that may require adjustments to/work on a State highway (for example, a new sidewalk may need to be installed on an abutting State highway); the developer then requests and is awarded a use and occupancy permit from the relevant local government *before* the highway work has been completed to SHA's satisfaction. SHA reports that in such cases, because a use and occupancy permit has already been issued, SHA sometimes has difficulty requiring the developer to complete the work that is needed and, on occasion, must assume responsibility for doing so.

Small Business Effect: To the extent any small business developers refuse to complete the required roadway improvements, they may experience a delay in receiving their use and occupancy permits. In order to receive such permits, they may incur costs to complete the work that, under current law, may have been completed by SHA instead.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Prince George's County; City of Annapolis; Maryland Municipal League; Department of Legislative Services

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caw/lgc

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