

Michael C. O'Connor  
Mayor



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# FREDERICK

OFFICE OF THE MAYOR

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March 3, 2020

Chairman Guy Guzzone  
Senate Budget and Taxation Committee

Chairman Kumar Barve  
House Environmental and Transportation Committee

Subject: HB 1394/SB 982 – Highway User Revenues – Revenue and Distribution

Dear Mr. Chairman:

We are writing in support of HB 1394/SB 982, which would:

- Remove the funding sunset currently set to go into effect after FY 2024 when municipal highway user revenues (HURs) would drop back to recession level lows;
- Increase municipal funding starting in FY 2025 to the approximate levels that existed prior to the state diversion in FY 2010;
- Apply the same lock box protections afforded to the rest of the transportation trust fund to the HUR account; and
- Tie HUR to the consumer price index so that HURs rise with inflation.

An important aspect of this bill is that it allows over four years before any funding increase occurs, providing the State time to adjust its project funding allocations. However, two items that can be addressed immediately are removing the sunset and lock boxing the HUR account; these provisions of the bill would provide critical certainty to municipal governments that the funding is long term and protected.

The legislation passed by the General Assembly in 2018 provided for the current funding level for municipal HUR, which is the highest it has been in over a decade, for a duration of five fiscal years which has been greatly helpful in maintaining local infrastructure; however with the sunset looming after FY 2024 it is difficult to engage in any long term transportation project plans.

As of 2014, the City of Frederick identified through a pavement condition survey over \$50 million in costs to perform major repairs (full depth reconstruction) to our roadways. Additionally, the same survey estimated over \$180 Million in repairs necessary to maintain our roadways through mill and overlay and patching and crack sealing projects. Failure to maintain our streets in a timely manner results in the need for complete reconstruction projects in the future at significantly higher costs.

Frederick relies upon a steady and predictable stream of revenues from HUR to effectively plan for and execute roadway repair projects. Subsequent to the reduction of HUR's experienced by the City after the recession, multiple street maintenance projects were delayed resulting in continued degradation of our roadways. As funding for roadway projects has begun to increase from the State, the City has been

“playing catch-up” to perform major repairs to those streets while attempting to re-start maintenance projects for other streets in the system to prevent further deterioration. Given the current backlog of street maintenance projects and the estimated costs of repairs, it is critical that HUR’s be reinstated, guaranteed, and increased moving forward to protect our assets, ensure public safety and economic vitality, and minimize future costs to the taxpayer as a result of defrayed maintenance.

We sincerely hope that HB 1394/SB 982 receives a favorable report. 2020 is the year to reengage the discussion of fully and permanently restoring highway user revenues to local governments.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "M. O'Connor", written in a cursive style.

Michael C. O'Connor  
Mayor