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POSITION STATEMENT

House Bill 1394 – Highway User Revenues – Revenue and Distribution
Environmental and Transportation Committee
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The Rural Maryland Council **SUPPORTS** House Bill 1394 – Highway User Revenues – Revenue and Distribution. This bill increases the share of funds from the Gasoline and Motor Vehicle Revenues Account that the Maryland Department of Transportation must annually provide to local governments through capital transportation grants by first, directly increasing the percentages that must be granted to local governments beginning in fiscal 2025 and secondly, requiring the revenue attributable to increases in the motor fuel tax rate due to increases in the Consumer Price Index to be distributed to Gasoline and Motor Vehicle Revenues Account rather than directly to the Transportation Trust Fund.

The Highway User Revenues are the share of gas tax and vehicle titling tax dedicated for local roadways and bridges in Maryland. Historically, the state shared 30% of these revenues with local governments to maintain their roads. However, the distribution of these funds was greatly cutback due the economic downturn in 2008, and the reduction in State funding continues to affect the ability of local governments to provide infrastructure repair, maintenance, and transportation services. While these local dollars have increased gradually over the years, the funding still reflects a sizeable decrease from the share of these revenues that were allocated to local governments in the past.

HB 1394 can extend and revive the local distribution of transportation revenues by:

- Lifting the five-year statutory mandate to avoid funding falling back to deep-recession levels after FY2024.
- Placing the local distribution of transportation revenues into protected status.
- Increasing the share of revenues that are distributed to municipal governments to 15% (originally 30%).
- Removing the Consumer Price Index and re-applying the historic State/local split to the full, adjusted, revenue stream.

The gas tax is paid by local residents and sharing with local governments is important for local users to benefit from local road projects. According to the [World Bank](#), roads “are among the most important public assets in any country,” so keeping them in good working condition is critical. World Bank further declares, “Postponing road maintenance results in high direct and indirect costs.” This is the time to restore Highway User Revenues so that the State roads can be regularly maintained roads for the safety and benefit of all Maryland residents.

The Council respectfully requests your favorable support of HB 1394.

The Rural Maryland Council (RMC) brings together citizens, community-based organizations, federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to collectively address the needs of Rural Maryland communities. We provide a venue for members of agriculture and natural resource-based industries, health care facilities, educational institutions, economic and community development organizations, for-profit and nonprofit corporations, and government agencies to cross traditional boundaries, share information, and address in a more holistic way the special needs and opportunities in Rural Maryland.

“A Collective Voice for Rural Maryland”