

SB0362- 02.02.21 -- Transportation - Highway User

Uploaded by: Fry, Donald

Position: FAV



POSITION STATEMENT

TESTIMONY PRESENTED TO THE SENATE BUDGET & TAXATION COMMITTEE

SENATE BILL 362 -- TRANSPORTATION - HIGHWAY USER REVENUES -- REVENUE AND DISTRIBUTION

Sponsor – Senator Cory McCray

February 2, 2021

DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE

Position: Support

The Greater Baltimore Committee (GBC) supports Senate Bill 362, which would remove the funding sunset for municipal highway user revenues (HUR) after Fiscal Year 2024. Senate Bill 362 would also increase municipal funding starting in Fiscal Year 2025 to the approximate levels that existed prior to the reductions in Fiscal Year 2010.

Removing the sunset on HUR distributions would provide critical certainty to county and municipal governments that the funding is long-term and protected. Additionally, through established timelines, Senate Bill 362 delays funding increases for three years, which provides the State with adequate time to adjust project funding allocations.

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. This assured funding has been helpful to local governments in maintaining their infrastructure. Yet, with the sunset looming after Fiscal Year 2024, local governments are concerned about committing to longer-term transportation project plans.

Senate Bill 362 is consistent with a key tenet in *Gaining the 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:

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.

Finally, the Greater Baltimore Committee's 2021 Legislative Priorities encourage policymakers to implement a balanced transportation policy and funding priorities that create interconnected, multimodal transportation networks and promote equitable investment in systems across regions, modes, and communities.

For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 362.

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 66-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.

GREATER BALTIMORE COMMITTEE

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SB0362-BT_MACo_SUP.pdf

Uploaded by: Jabin, Drew

Position: FAV



Senate Bill 362

Transportation - Highway User Revenues - Revenue and Distribution

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: February 2, 2021

From: Drew Jabin

The Maryland Association of Counties **SUPPORTS** SB 362, which provides a long-term restoration for the state-levied transportation revenues needed to support safety and maintenance work on local roads and bridges across Maryland.

For decades, the State supported a balanced means to maintain its transportation infrastructure. The bulk of transportation revenues – mainly motor fuel and vehicle titling taxes – have been split between the State (for its consolidated Transportation Trust Fund, serving multiple modes) and local governments (who own and maintain roughly 5 of every 6 road miles across the state). For decades, this split served all parties effectively.

During the depths of the “great recession” in 2009, the State faced a mid-year budget crisis. The Board of Public Works adopted a 90% reduction of the local distributions of these Highway User Revenues and a roughly 40% reduction to Baltimore City’s allocation (the largest by far to any jurisdiction). Since then, recession-driven cutbacks in many service areas have been fully or largely restored. This is not the case with Highway User Revenues – they remain far, far behind historic levels, even after the State has enacted a substantial transportation revenue increase.

SB 362 takes an appropriate “next step” with Highway User Revenues – eliminating the coming “cliff effect” following a multi-year advance in local funding. The bill also provides an extra step in funding targeted to municipal governments and Baltimore City, while properly attaching the local share to the inflation-adjusted base. Finally, the bill affords the same statutory “lockbox” protection to these local distributions as was granted to State transportation funds, as part of the 2013 changes to transportation revenue structure. MACo supports each of these provisions. They offer a positive next step for our statewide transportation investments.

SB 362 represents a forward-thinking next step for funding local transportation needs, and avoids a dramatic “cliff effect” in state funding. Accordingly, MACo urges the committee to **SUPPORT** SB 362.

SB 362_FAV_MML.pdf

Uploaded by: Jorch, Bill

Position: FAV



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

February 2, 2021

Committee: Senate Budget and Taxation

Bill: SB 362 - Transportation - Highway User Revenues - Revenue and Distribution

Position: Support - MML Priority Legislation

Reason for Position:

The Maryland Municipal League (MML) supports SB 362, which eliminates the highway user revenue (HUR) funding sunset after FY 24 and increases the share to municipalities and Baltimore City in FY 25.

Restoration of HURs has been a priority of the League ever since 96% of municipal HUR were cut in 2009 in the depths of the recession. Although HUR funding has crept up over the years and several one-time capital grants have been included in the State operating budget, the funding level and predictability have never returned to where they were in the decades prior to 2009.

In 2018, the General Assembly passed CH 330/331 which increased HUR funding for municipalities, counties, and Baltimore City. This legislation returned about 85% of municipal HUR, but included a sunset provision ending that funding level after FY 2024.

SB 362 has two components:

1. Remove the fiscal cliff for municipalities, counties, and Baltimore City after FY 24; and
2. Increase the percentage of HUR allocated to municipalities and Baltimore City starting in FY 25,

OVER...

Predictability of the revenue sources into and the distribution allocation out of the HUR account was something on which local governments could rely in the decades preceding the cuts of 2009. Gas tax revenue and vehicle registration fees account for the lion's share of inputs into the HUR account while distribution to local governments based on a percentage written into statute provide the funding predictability.

The combination of these two elements allowed for local governments to engage in long-term infrastructure planning at a funding level that met the needs of the residents. This arrangement represented a partnership between the State and local governments that 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 cities and towns have struggled to compensate for the unexpected loss of these funds.

What used to be a split of 70% to the State and 30% to local governments now sits at 86.5% to the State and 13.5% to local governments. After the current funding level is set to expire after FY 2024, that split moves to 90.4% to the State and 9.6% to local governments. This lower and inconsistent funding allocation presents serious challenges to budgeting for infrastructure projects.

Municipalities have lost about \$280 million in HUR since the initial cuts a decade ago. SB 362 will return the HUR allocation for municipalities to pre-recession levels and eliminate the impending sunset of current funding allocations after FY 2024 for all local governments. The certainty of a stable funding allocation at a level that suits the needs of local governments will allow for a more stable budgeting process and higher quality local transportation infrastructure.

For these reasons, the Maryland Municipal League respectfully requests that this Committee provide SB 362 with a favorable report.

FOR MORE INFORMATION CONTACT:

Scott A. Hancock
Angelica Bailey
Bill Jorch
Justin Fiore

Executive Director
Director, Government Relations
Director, Research and Policy Analysis
Manager, Government Relations

SB 362_Highway User Revenues - Revenue and Distrib

Uploaded by: Kwasny, Jessica

Position: FAV



February 2, 2021

Chairman Guzzone and Members of the Senate Budget and Taxation Committee
Senate Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Re: SB 362 Highway User Revenues – Revenue and Distribution

Dear Chairman Guzzone, Vice Chair Rosapepe and Members of the Budget and Taxation Committee:

On behalf of the City of Gaithersburg, I am writing to convey our strong support for SB 362, which would increase the share of funds from the Gasoline and Motor Vehicle Revenues Account (GMVRA) that the Maryland Department of Transportation (MDOT) must annually provide to local governments through capital transportation grants. The bill also eliminates the sunset provision on the current level of municipal Highway User Revenues (HUR), which is due to occur after Fiscal Year (FY) 2024.

While this year has differed from previous ones in many ways, the need to articulate and stand by our policy principles remains as important as ever. For over a decade, the City has joined our municipal counterparts to request the full restoration of HUR—a critical program to proportionately distribute a fair share of transportation revenues essential for supporting local road maintenance in Maryland’s cities and towns.

The City needs every revenue source available to continue to meet our obligations to our residents and the community. The City’s Public Works Division maintains nearly 93 miles of streets to safely keep utilization at a maximum, while minimizing cost and traffic inconvenience. The on-going pandemic has made it more important than ever to keep our streets safe and traffic controlled so our emergency vehicles can serve our most vulnerable, so freight vehicles can deliver PPE and other medical necessities, so employers can reopen, and so our residents can get back to work.

The sunset provision that is set to expire after FY 2024 must be eliminated. If the sunset is not repealed, the funding in FY 2025 will decrease by \$30 million, leaving only an estimated \$8 million available to spread across 156 municipalities. SB 362 restores pre-recession funding beginning in FY 2025, by raising the percent of funds credited to the GMVRA for municipalities from 2.0% to 2.6%. This would result in an increase of approximately \$11 million in FY 2025.

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MAYOR
Jud Ashman

COUNCIL MEMBERS
Neil Harris
Laurie-Anne Sayles
Michael A. Sesma
Ryan Spiegel
Robert T. Wu

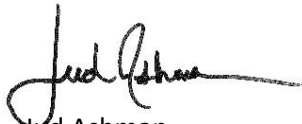
CITY MANAGER
Tanisha R. Briley

A full and permanent restoration of HUR will provide the City with the necessary resources to plan and deliver road maintenance and improvement projects. The ability to preserve our streets not only benefits our residents, but all of Maryland's constituents who travel on Gaithersburg streets and arteries.

For these reasons, the City of Gaithersburg urges a favorable report for SB 362.

Please do not hesitate to contact me with any questions or concerns. You may also contact the Legislative Affairs Manager for the City of Gaithersburg, Jessica Kwasny. She can be reached at jess.kwasny@gaitthersburgmd.gov or 301.805.1090.

Sincerely,

A handwritten signature in black ink, appearing to read "Jud Ashman", with a long horizontal flourish extending to the right.

Jud Ashman
Mayor

Takoma Park - SB 362 FAV - Highway User Revenues.p

Uploaded by: Ludlow, Suzanne

Position: FAV



CITY OF TAKOMA PARK, MARYLAND

**SB 362 / HB 649
Support**

Senate Budget and Taxation Committee

February 2, 2021

SB 362: Transportation - Highway User Revenues - Revenue and Distribution

City Contact: Suzanne Ludlow, Takoma Park City Manager

SuzanneL@takomaparkmd.gov

The City of Takoma Park supports SB 362, which would increase the share of highway user revenue funding for municipalities and counties from fiscal years 2020 to 2024, and remove the sunset on highway user revenue levels for municipalities and counties after 2025.

As Mayor Kate Stewart testified regarding similar legislation last year, continued and certain highway user fund revenue is critical for municipalities to make long-term transportation decisions and maintain local infrastructure. Takoma Park received \$495,471 in highway user revenue in 2020, which the City used for road surfacing and sidewalk projects, as well as traffic calming. Under current law, Takoma Park's highway user revenue is projected to decline by almost \$50,000 in 2021, which could limit the City's ability to continue these types of infrastructure projects. These funding levels also remain below pre-recession levels of \$580,000 to 600,000 a year from 2006 to 2008, even as the City and region experienced continued population growth.

As the City prepares for the completion of the Purple Line in 2022 and rethinks how roads, sidewalks and bikeways should work in these times of climate change and pandemic, it is more important than ever for the City to have certainty in the continuity of highway user revenue funding. SB 362 would help advance this goal by removing the sunset on highway user revenue funding. The City remains concerned that funding would be subject to the ability of the Department of Transportation to meet debt service and operating expenses, creating uncertainty for municipalities making long-term transportation decisions. Nevertheless, adoption of SB 362 will provide critical assistance to Takoma Park and other municipalities as we maintain the State's road networks.

The City of Takoma Park strongly supports SB 362 for helping restore highway user revenue funding to pre-recession levels and providing more certainty in the long-term continuity of highway user revenue funding.

Senate Bill 0362 Transportation-Highway User Reven

Uploaded by: Matthews, Dakota

Position: FAV



John Hartline, Chair

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Charlotte Davis, Executive Director

POSITION STATEMENT

Senate Bill 0362 – Highway User Revenues – Revenue and Distribution
Before Budget and Taxation Committee
February 2, 2021

The Rural Maryland Council **SUPPORTS** Senate Bill 362 – Highway User Revenues – Revenue and Distribution. This bill alters the amount of capital grants based on highway user revenues that are required to be appropriated to Baltimore City, counties, municipalities by increasing the capital grants that shall be appropriated from the Transportation Trust Fund by 13.5% between fiscal years 2020 through 2024 and 14.6% for fiscal year 2025 and each fiscal year thereafter.

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.

Drivers generate funding for local road projects through the gas tax and SB 362 will guarantee that some of the gas tax revenue will be directed to fix local roads in a driver's community. The Council respectfully requests your favorable support of SB 362.

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”

Senator McCray's Testimony - SB362.pdf

Uploaded by: McCray, Cory

Position: FAV

CORY V. McCRAY
Legislative District 45
Baltimore City



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Budget and Taxation Committee
Capital Budget Subcommittee
Health and Human Services Subcommittee

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Vote Yes on Senate Bill 362

Bill Title: Transportation - Highway User Revenues - Revenue and Distribution

Hearing Date: February 2, 2021 – Budget and Taxation

Chair: The Honorable Guy Guzzone; Vice Chair: The Honorable James Rosapepe

I write to you today in **support** of Senate Bill 362. In the aftermath of the Great Recession, the General Assembly passed legislation that diverted funds from the gas tax and motor vehicle fees, collectively known as highway user revenue. This revenue provided millions of dollars each year to local governments to fund transportation projects. For years prior to the Recession, localities and municipalities received close to one-third of the revenue, but that appropriation now stands at less than 10%.

The purpose of the Bill is to increase the amounts of capital grants calculated on highway user revenues that are required to be appropriated to Baltimore City, counties, and municipalities over the next four fiscal years.

In efforts to provide support to counties and Baltimore City with its infrastructure and transportation projects, we hope that you will move for a **favorable** report of Senate Bill 362.

Respectfully submitted,

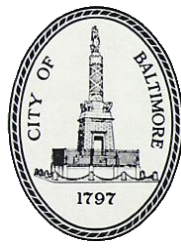
A handwritten signature in blue ink, appearing to read 'Cory V. McCray'.

Cory V. McCray
State Senator

SB362-BT-FAV.pdf

Uploaded by: Mehu, Natasha

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB 362

February 2, 2021

TO: Members of the Budget and Taxation Committee
FROM: Natasha Mehu, Director of Government Relations
RE: Senate Bill 362 - Transportation - Highway User Revenues - Revenue and Distribution

POSITION: SUPPORT

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 362.

In response to a significant shortfall in state revenues at the height of the Great Recession, Highway User Revenues (HUR) to local jurisdictions were dramatically cut in FY2008. Despite the prolonged economic recovery and stabilization of the Transportation Trust Fund – in part due to a fuel tax increase during the 2014 Legislative Session - HUR state aid to local governments remains historically low. No jurisdiction has been impacted more negatively than the City of Baltimore.

Baltimore City receives the largest share of local HUR aid of any locality in Maryland because it is the only jurisdiction responsible for maintaining all State Highways within its boundaries and an Interstate Highway, I-83. Baltimore City's FY2020 HUR allocation is approximately two-thirds of FY2007 allocation, and during the course of the past 13 fiscal years, this reduction has resulted in a loss of more than \$850 million in cumulative revenue that is desperately needed to reinvest in the city's aging infrastructure. Providing the city the opportunity to invest in our infrastructure would also yield savings to the State of Maryland as the current condition of Baltimore City roadways contributes to wear and tear on the thousands of state-owned vehicles operated by the Maryland Transit Administration.

SB 362 helps to close the funding gap by securing the city's HUR appropriation level at 8.8% which is an increase over the current level of 8.3% and the projected reduced level of 7.7% that would become effective in FY2025 under the current law. While this increased share is appreciated, 8.8% is still significantly less than the 12.2% that the City of Baltimore was allocated in FY2008.

For these reasons, we respectfully request a **favorable** report on SB 362.

*Annapolis – phone: 410.269.0207 • fax: 410.269.6785
Baltimore – phone: 410.396.3497 • fax: 410.396.5136
<https://mogr.baltimorecity.gov/>*

SB 362_FAV_MML.pdf

Uploaded by: Romanell, Jake

Position: FAV



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

February 2, 2021

Committee: Senate Budget and Taxation

Bill: SB 362 - Transportation - Highway User Revenues - Revenue and Distribution

Position: Support - MML Priority Legislation

Reason for Position:

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