

# **SB 946\_FAV\_MML.pdf**

Uploaded by: Angelica Bailey

Position: FAV



## Maryland Municipal League

*The Association of Maryland's Cities and Towns*

# TESTIMONY

March 15, 2022

**Committee:** Senate Budget & Taxation

**Bill:** SB 946 – Transportation – Highway User Revenues – Distribution

**Position:** Support

**Reason for Position:**

The Maryland Municipal League strongly supports Senate Bill 946. Full funding of Highway User Revenues (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.

This bill proposes changes to how HUR funding is allocated, including percentage increases at every level of government. A funding increase is crucial; municipalities have lost more than \$280 million in HUR since the initial cuts over a decade ago. 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.

As a contrast to other HUR legislation, this bill takes advantage of federal infrastructure funds: local governments' allotments significantly increase for the short timeframe during which the State receives federal money, then decreases once that timeframe tolls. This is a reasonable and creative approach that meets the needs of local governments without burdening the Department of Transportation.

For these reasons, the League appreciates this crucial measure and respectfully requests a favorable report.

1212 West Street, Annapolis, Maryland 21401

410-268-5514 | 800-492-7121 | FAX: 410-268-7004 | [www.mdmunicipal.org](http://www.mdmunicipal.org)

**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

# **BaltimoreCounty\_FAV\_SB0946.pdf**

Uploaded by: Joel Beller

Position: FAV



JOHN A. OLSZEWSKI, JR.  
*County Executive*

JOEL N. BELLER  
*Acting Director of Government Affairs*

JOSHUA M. GREENBERG  
*Associate Director of Government Affairs*

MIA R. GOGEL  
*Associate Director of Government Affairs*

**BILL NO.: Senate Bill 946**

**TITLE: Transportation – Highway User Revenues – Distribution**

**SPONSOR: Senator Washington**

**COMMITTEE: Budget and Taxation**

**POSITION: SUPPORT**

**DATE: March 15, 2022**

Baltimore County **SUPPORTS** Senate Bill 946 – Highway User Revenues – Distribution. This legislation increases the share of funds collected from highway user revenues that must be appropriated to local governments.

For 40 years, local governments received 30 percent of transportation revenues to fund road maintenance projects. During the 2008 recession, over concerns of drastic declines in revenues and sharp increases in State expenditures, the allocation of Highway User Revenues to local governments dropped by nearly 90 percent. More than a decade later, this funding has not been restored. It is estimated that Baltimore County has missed out on over half a billion dollars in cumulative funding since this alteration. To keep up with repairs and reconstruction of aging local infrastructure and locally maintained roads, local governments need this funding restored.

SB 946 requires the State to raise these much-needed funds closer to prerecession levels. This additional investment will provide Baltimore County with millions more in funding each year for roads, local infrastructure, and services that County residents depend on. SB 946 will benefit Maryland residents by providing local jurisdictions with the resources necessary to address their quality of life needs.

Accordingly, Baltimore County requests a **FAVORABLE** report on SB 946. For more information, please contact Joel Beller, Acting Director of Government Affairs at [jbeller@baltimorecountymd.gov](mailto:jbeller@baltimorecountymd.gov).

# **Sen Washington Written Testimony SB946.docx.pdf**

Uploaded by: Mary Washington

Position: FAV

MARY L. WASHINGTON, PH.D  
Legislative District 43  
Baltimore City

Education, Health, and  
Environmental Affairs Committee

*Chair*  
Joint Committee on Ending  
Homelessness

*Chair*  
Joint Committee on Children,  
Youth, and Families



THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

Annapolis Office  
James Senate Office Building  
11 Bladen Street, Room 102  
Annapolis, Maryland 21401  
410-841-3145 • 301-858-3145  
800-492-7122 Ext. 3145  
Mary.Washington@senate.state.md.us

SB946 Transportation - Highway User Revenues - Distribution

March 14, 2022

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

The Gasoline and Motor Vehicle Revenue Account (GMVRA) is more commonly known as the Highway User Revenue Account and the funds from this account are referred to as Highway User Revenues (HURs). In 2009, when the recession in our country hit, the local share of Highway User Revenues was reduced by about 90%. These are funds that can be used for a multitude of resources such as reconstruction and maintenance of roads, establishment of footpaths, covering the costs of transportation facilities, and more.

In 2018, among other temporary tweaks to HUR funding, the General Assembly approved an increase in the municipal share of HUR funding to 2.0% for Fiscal Years 2020 through FY2024. This increase brought the municipal HUR funding to 85% of pre-recession levels but only for this five-year period as it is set to expire after FY2024.

**SB946 will increase the share of funds from the HUR Account that the Maryland Department of Transportation allocates annually beginning in FY 2024.** Additionally, this bill would require the funds to be shared directly with local governments and municipalities instead of through local transportation grants, as they are now. Chapters 330 and 331 from 2018 required revenue from the GMVRA to be retained by the Transportation Trust Fund (TTF) and distributed to local governments through capital transportation grants. SB946 would require HURs to be allocated directly to local governments instead.

**SB946 also expands the purposes for which MDOT can issue county transportation bonds.** MDOT is authorized to borrow funds through county transportation bonds so counties may accelerate programs of road construction or reconstruction, provide local funds for federally aided transportation projects, make major road repairs from unexpected weather conditions, and to generally finance the cost of transportation facilities.

Under the bill, County Transportation bonds will include the purposes of (1) providing local participating funds transportation projects aided by the State and (2) for local capital projects along State roads maintained by local governments and MTA bus routes. This expansion of authorized purposes of country transportation bonds is not anticipated to affect the TTF finances since it should not increase the issuance of the bonds.

SB946 would take effect July 1st, 2022. SB946 is needed to bring the HURs back to pre-recession levels. Without action, local and municipal allocations will decrease after FY2024 from 2.0% to 0.4% which the Maryland Municipal League believes could result in a \$30 million loss per year.

I respectfully request a favorable report on SB946.

In Partnership,

A handwritten signature in blue ink, appearing to read "Mary Washington". The signature is fluid and cursive, with a large initial "M" and a stylized "W".

Senator Mary Washington, District 43



# **SB0946-BT\_MACo\_SWA.pdf**

Uploaded by: Michael Sanderson

Position: FWA



## Senate Bill 946

### *Transportation - Highway User Revenues - Distribution*

MACo Position: **SUPPORT**  
**WITH AMENDMENTS**

To: Budget and Taxation Committee

Date: March 15, 2022

From: Michael Sanderson and Dominic Butchko

The Maryland Association of Counties **SUPPORTS** SB 946, **WITH AMENDMENTS**. The bill as introduced serves to increase the local share of transportation revenues needed to support safety and maintenance work on local roads and bridges across Maryland. County amendments would conform the distributions to match those from the high-water mark of this important local funding, in FY 2009.

MACo urges amendments to properly restore the state/local balance that served Maryland for decades prior to recession-driven cutbacks. **Restoration of local infrastructure funding sits atop MACo's legislative initiatives for the 2022 session - it is local governments' top priority.**

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 for 23 counties 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 946, as introduced, seeks to reset the percentage of Highway User Revenues received by local governments for multiple years. While the reset is intended to end counties' decade-plus "starvation diet" of road and bridge funding, counties recommend aligning the distribution shares to match their historic levels. Counties believe realigning funding along the pre-recession formula to be the best approach and support full restoration of the 30% share to local governments so that they can return to maintaining local infrastructure in the ways that Maryland's taxpayers expect and deserve.

SB 946 can be amended to restore funding to local transportation needs. Accordingly, MACo urges the Committee to **SUPPORT** full funding for our local roads and bridges, whether through an **AMENDED** version of SB 946 or other legislation.

# **SB0946 - FIN - HUR - LOI\_FINAL.pdf**

Uploaded by: Patricia Westervelt

Position: INFO

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March 15, 2022

The Honorable Guy Guzzone  
Chairman, Senate Budget and Taxation Committee  
3 West Miller Senate Office Building  
Annapolis, MD 21401

***Re: Letter of Information – Senate Bill 946 – Transportation – Highway User Revenues – Distribution***

Dear Chairman Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 946 but offers the following information for the Committee's consideration.

Senate Bill 946 modifies the definition of highway user revenues (HUR), increases required HUR payments to local jurisdictions, and modifies the allowed uses of county transportation bonds.

Senate Bill 946 would have a devastating impact on the MDOT, resulting in: (1) a revenue loss of \$2.6 billion during the six-year financial plan, (2) a breach of the MDOT's debt coverage ratios, preventing the issuance of additional bonds, (3) a likely credit rating downgrade for the MDOT and potentially for the State; and (4) a reduction of \$2.5 billion in the MDOT's capital program.

The impact of the change in distribution of the HUR formula is significantly exacerbated by the change in definition of HUR, which was modified in 2018 to change from a revenue distribution to a capital grant. Senate Bill 946 would return the definition of HUR to a revenue distribution, which would have a tremendous negative impact on MDOT's capital projects, bonding program, and creditworthiness. The MDOT is not aware of any concerns from local jurisdictions or others that would prompt a return to the previous definition.

Senate Bill 946 does not just reduce funding for MDOT, even when accounting for the increase in funding for local jurisdictions, this bill reduces total transportation funding in Maryland. By increasing transportation funding for local jurisdictions by \$1.2 billion in FY 2024 through FY 2027 and decreasing transportation funding to the MDOT by \$2.5 billion, there would be a net loss of statewide transportation funding at the State and local level of \$1.3 billion. Unlike other proposed legislation regarding HUR's this session, Senate Bill 946's revision of the definition of HUR significantly impairs MDOT's bonding capacity, further reducing the MDOT's ability to fund its capital program and resulting in a net loss of statewide transportation funding at the State and local level of another \$1.3 billion.

A reduction of \$2.5 billion to MDOT's capital program will have significant impacts on the MDOT's ability to maintain the statewide multi-modal transportation network. This loss of funding will also reduce MDOT's ability to provide required matching funds for federal funding, which may lead to a further decline in the capital program if MDOT has to return federal funds due to lack of required matching funds. This would affect current federal formula and grant funding, as well as additional funding available under the Infrastructure Investment and Jobs Act (IIJA). It is important to note that although IIJA brings additional transportation funding to Maryland, it cannot wholly replace the funding loss to MDOT from increasing HUR funding to the local jurisdictions because federal funds require State matches and many of the critical projects that MDOT invests in are not eligible for federal funding.

In 2011, the General Assembly permanently provided the MDOT a greater share of HUR funding to compensate for the revenue loss created by redirecting a portion of the State's sales tax and corporate income tax from the Transportation Trust Fund to the State's General Fund. The change in HUR funding was to keep MDOT whole from this revenue loss; therefore, Senate Bill 946 results in a retraction of the General Assembly's commitment to investing in the State's multi-modal transportation network. Second, the modification to the definition of HUR that occurred in 2018 was made to reduce the impact of the additional HUR funding for local jurisdictions that was also agreed to in 2018. By changing the definition of HUR from a revenue deduction to a capital grant, MDOT's bonding capacity increased, which allowed it to mitigate the impacts of the additional funding to the local jurisdictions. Reversing these previous legislative actions result in a reduced investment in Maryland's transportation network, despite the many needs across the system to maintain the State's transit, highway, port and airport facilities in a state of good repair.

The Maryland Department of Transportation respectfully requests the Committee consider this information when deliberating Senate Bill 946.

Respectfully submitted,

Pilar Helm  
Director of Government Affairs  
Maryland Department of Transportation  
410-865-1090

Jaclyn Hartman  
Chief Financial Officer  
Maryland Department of Transportation  
410-865-1035