

Favorble_SB726_City of Havre de Grace.pdf

Uploaded by: Adam Rybczynski

Position: FAV



CITY OF HAVRE DE GRACE

OFFICE OF THE MAYOR

William T. Martin

March 9, 2022

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

RE: Support – Senate Bill 726 - Transportation – Highway User Revenues – Revenue and Distribution:

Mr. Chairman and the Honorable Members of the Budget and Taxation Committee:

On February 22, 2022, the Mayor and City Council of Havre de Grace approved a motion supporting Senate Bill 726.

If passed, SB 726 would eliminate the sunset provisions established by chapters 330 and 331 of 2018 placed on Highway User Revenues for municipal governments. Local governments across our state depend on Highway User Revenues to maintain roads and bridges located within their jurisdictions. Under chapters 330 and 331 of 2018, municipal governments are receiving a Highway User Revenue allocation in the amount of 2%; however, if this bill does not pass, that amount will be reduced to 0.4%.

It is of the utmost importance to the City of Havre de Grace and all local governments across our state that the Maryland General Assembly passes SB 726 this session.

The City of Havre de Grace respectfully requests the committee give SB 726 a favorable report.

I have attached the fiscal impact associated with this matter to my testimony.

William T. Martin
Mayor, City of Havre de Grace

SB_726_Fiscal Impact_City of Havre de Grace.pdf

Uploaded by: Adam Rybczynski

Position: FAV

Fiscal Impact:

- Currently, the Highway User Revenue (HUR) is set at 2% as it pertains to municipal allocation.
- Beginning in FY 25 per 2018 Md. Laws, Ch. 33, HUR allocation will be reduced to 0.4%.
- HB 1187/SB 726 would set HUR allocation at 2.6% beginning in FY 25 and thereafter.
- In FY 23, the City anticipates \$647,700 from HUR allocation based on its current rate of 2%.
- In FY 25, if the current HUR allocation rate is reduced to 0.4% the City anticipates receiving \$129,500 in HUR allocation.
- In FY 25, if HB 1187/SB 726 passes the City anticipates receiving \$842,000 in HUR allocation.

SB726_PGCEX_FAV.pdf

Uploaded by: Angela Alsobrooks

Position: FAV



THE PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

BILL: Senate Bill 726 - Transportation – Highway User Revenues – Revenue and Distribution

SPONSOR: Senator McCray, *et al.*

HEARING DATE: March 9, 2022

COMMITTEE: Budget and Taxation

CONTACT: Intergovernmental Affairs Office, 301-780-8411

POSITION: SUPPORT

The Office of the Prince George's County Executive **SUPPORTS Senate Bill 726 - Transportation – Highway User Revenues – Revenue and Distribution**, which fully restores the local share of highway user revenues and holds the State to its long-standing responsibility to help fund public infrastructure.

Highway user revenues fund roads and bridges across Maryland through a formula based on road mileage and vehicle registrations. For more than 40 years, local governments received 30% of transportation revenues – mostly motor fuel tax and vehicle registration fees – to fund their roads.

This share of revenues was cut by 90% during the Great Recession – more than 12 years ago – with 23 counties' share of funds plummeting from nearly \$300M in 2007 to only \$40M in 2018. The cumulative loss in revenue across the counties from FY 2007 to FY 2023 is over \$4.5 billion. Prince George's County has one of the highest cumulative losses at \$381 million.

In 2018, a temporary phase-in was passed to provide emergency relief for local infrastructure projects – bringing those twenty-three counties to only a third of their previous, fully funded amounts – but it is set to expire in FY 2025. If **SB 726** does not pass, local infrastructure funding will again plummet, this time by about \$76.8 million, further stressing county budgets already strained by the national health pandemic, a weakened economy, aggressive education funding mandates, and other state obligations.

SB 726 not only prevents the cliff but fully restores highway user revenues to Maryland counties and municipalities, freeing up millions of county dollars to go back to their intended services (like emergency management, wastewater, and parks). **SB**

726 returns transportation dollars to the 83% of roads and bridges maintained by local governments in Maryland.

For the reasons stated above, the Office of the Prince George's County Executive **SUPPORTS Senate Bill 726** and asks for a **FAVORABLE** report.

SB726_FAV_MML_LETTERS.pdf

Uploaded by: Angelica Bailey

Position: FAV



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

March 9, 2022

Committee: Senate Budget and Taxation

Bill: SB 726 - Transportation - Highway User Revenues - Revenue and Distribution

Position: Support - MML Priority Legislation

Reason for Position:

The Maryland Municipal League (MML) supports SB 726, 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 726 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, counties, 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 more than \$280 million in HUR since the initial cuts a decade ago. SB 726 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 726 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



March 4, 2022

Senator Guy Guzzone
Chair, Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Delegate Kumar Barve
Chair, Environment and Transportation Committee
Room 251
House Office Building
Annapolis, Maryland 21401

RE: Support for SB726/HB1187- Transportation – Highway User Revenues – Revenue and Distribution

Dear Chairs and Committee Members:

The Mayor and City Council of Gaithersburg support Senate Bill 762 & House Bill 1187. In addition to removing the funding sunset after FY '24, these bills would increase highway user revenues (HURs) to municipalities over the next two fiscal years to approximate HUR funding levels that are consistent with historical norms, while also providing stability to plan longer-term projects. These are priority bills for both the City of Gaithersburg as well as the Maryland Municipal League.

As you recall, the 2009 reduction to highway user revenue was intended to be a one-time cut and restored the following year- which never happened. Here in the City of Gaithersburg, we estimate to have lost between \$7.5M and \$9M over the past decade alone. The loss of these funds increased our deferred maintenance costs and significantly delayed new road projects to support Gaithersburg's fast-growing population and business community. While the effects of these cuts were undoubtedly felt statewide, the impacts were particularly acute here in Gaithersburg, where we operate as a "pay as you go" city and do not borrow to fund capital projects.

City of Gaithersburg • 31 South Summit Avenue, Gaithersburg, Maryland 20877-2038
301-258-6300 • FAX 301-948-6149 • cityhall@gaithersburgmd.gov • gaithersburgmd.gov

MAYOR
Jud Ashman

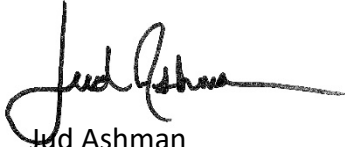
COUNCIL MEMBERS
Neil Harris
Lisa Henderson
Jim McNulty
Ryan Spiegel
Robert T. Wu

CITY MANAGER
Tanisha R. Briley

While the annual grants in recent years have been helpful to our city, we cannot realistically rely on them from year to year. The cost of labor and materials for road maintenance and construction continues to rise, and these amounts of these grants are simply insufficient. As a result, planning and budgeting for the City's transportation projects has proven to be problematic. With a state budget surplus and billions of federal infrastructure dollars flowing into Maryland, we believe that 2022 is the year to finally and permanently restore highway user revenues to local governments.

For all of the reasons stated herein, we respectfully request these committees grant these bills a favorable report. Thank you for your consideration.

Respectfully submitted,

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

Jud Ashman

Mayor

City of Gaithersburg

CITY OF GREENBELT, MARYLAND

25 CRESCENT ROAD, GREENBELT, MD 20770



CITY COUNCIL

Emmett V. Jordan, Mayor
Kristen L.K. Weaver, Mayor Pro Tem
Colin A. Byrd
Judith F. Davis
B. Ric Gordon
Silke I. Pope
Rodney M. Roberts

March 4, 2022

Honorable Paul G. Pinsky
2 West Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Subject: HB 1187/SB 762 – Highway User Revenues – Revenue and Distribution

Dear Senator Pinsky:

The City of Greenbelt is in support of HB 1187/SB 762, which would increase Highway User Revenues (HURs) to municipalities over the next two fiscal years to approximate HUR funding levels that existed prior to the State diversion beginning in FY 2010. This is a priority bill for the Maryland Municipal League as well.

The City of Greenbelt has lost \$1.6 million since the reduction in HUR funding began in FY 2010. These funds were vital for maintaining the City's streets and sidewalks.

While the annual grants in recent years have been helpful to our City, we realistically cannot rely on them from year-to-year. For this reason, transportation planning has proven incredibly difficult and keeping up with general maintenance has been a challenge on its own.

We sincerely hope that HB 1187/SB 762 can make it to the floor so that every member has a chance to vote on this important legislation. We believe 2022 is the year to permanently restore highway user revenues to local governments.

Thank you for your consideration.

Sincerely,

Emmett V. Jordan, Mayor
City of Greenbelt

cc: City Council
22nd District Delegation
Honorable Nick Charles, Chair, Prince George's County Delegation
Angelica Bailey, MML

A NATIONAL HISTORIC LANDMARK

PHONE: (301) 474-8000 www.greenbeltmd.gov

Abigail Diaz

From: Gwen Evans <townofoak@gmail.com>
Sent: Wednesday, March 2, 2022 4:14 PM
To: Angelica Bailey; Senator George Edwards; Delegate Wendell Beitzel
Cc: Kevin Null; Jay Moyer
Subject: Highway User Revenue Bills (HUR)

All - thank you for your time and efforts. Please forward as necessary....

=====

To Whom It May Concern - on behalf of the Town of Oakland, I would like to fully endorse the legislation to restore the Highway User Revenue to 100% of the previous levels and to begin adding additional funding each year. We would support House Bill 1187 and Senate Bill 726 to provide the funding local governments deserve. In addition, we would support SB400 and HB 410 as being amended, to remove the HUR sunset provisions and increase the funding per the Governors Bill SB 400 and HB 410.

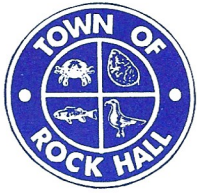
The Towns have suffered incredible hardship over the past several years since the HUR funding was so wrongly taken away. The loss of Highway User Revenue has impacted the ability of the Town to adequately pay our employees because monies that would have been used for salaries and benefits have had to be directed to help cover the loss of HUR. This has also had an impact on services that residents expect with regard to upkeep and repair of the deteriorating roads and bridges infrastructure. While we have greatly appreciated the gradual return of HUR funding, we have struggled to dig our way out of the incredible hole (i.e potholes) we have found as a result of our strained paving budget.

Please push these bills and help the struggling local governmental agencies to recover from the devastation! Thanks!

Jay Moyer, Mayor

--

***Jay Moyer, Mayor of Oakland
Town of Oakland
301-334-2691***



The Town of Rock Hall

P.O. Box 367
ROCK HALL, MARYLAND 21661
410-639-7611
FAX 410-639-7298

March 3, 2022

Maryland Senator Cory McCray
Maryland Delegate Carl Anderton

RE: SB726 & HB1187
Removal of FY2024 HUR Sunset Provision
Reinstatement of Full HUR Funding to Municipalities

Senator McCray and Delegate Anderton,

As a member of the Maryland Municipal League, and on behalf of the Town of Rock Hall, I would like to add our full support for the above referenced Highway User Revenue Fund regulatory and funding changes.

The Town of Rock has approximately 1,300 residents, 1,700 boat slips, and additional visitors during several peak summer events that add another 5,000 to 7,000 to the traffic that takes place on our town's streets and roads.

We have 10.6 miles of local streets and roads to maintain, excluding the two state highways that transect the town. The last major resurfacing of roads occurred in 2017 and 2018 and involved a total of five blocks on only two streets in the town. Being located on the Chesapeake Bay, the town's roads are subject to high tides and exceptional flooding during storm events which causes additional deterioration beyond the wear and tear of traffic. An increase in road repairs associated with aging sewer and water line repairs in the past few years is also taking a toll on general street and road conditions.

Currently there are 1.9 miles of town streets and roads in need of immediate resurfacing. At a current estimated cost of \$45,500 per 1,000 feet this near-term repair work will cost \$456,500 and take 6 years to complete at the current HUR funding rate of 2%, which for the Town is about \$72,000 per year. This current funding level allows us to do about ¼ mile per year. A total of \$2.5 million would be needed to address all of the town streets and roads in need of repair, which at the current HUR 2% funding rate would take over 35 years! All of this excludes funds needed for "normal" street and road maintenance work.

Pre-2009 HUR funding levels to the town averaged \$126,000 per year. If that level of funding could be restored, the amount of street resurfacing work that could be done in a year could be almost doubled. If funding is cut back to the .4% level of FY2010 through FY2013, current street and road conditions would only get significantly worse and more costly to repair.

More HUR funding to municipalities like Rock Hall is what is needed, not less. The current level of funding is no longer keeping up with the aging condition of our town streets and roads.

Your efforts in getting the necessary legislative changes made to HUR funding is greatly appreciated.

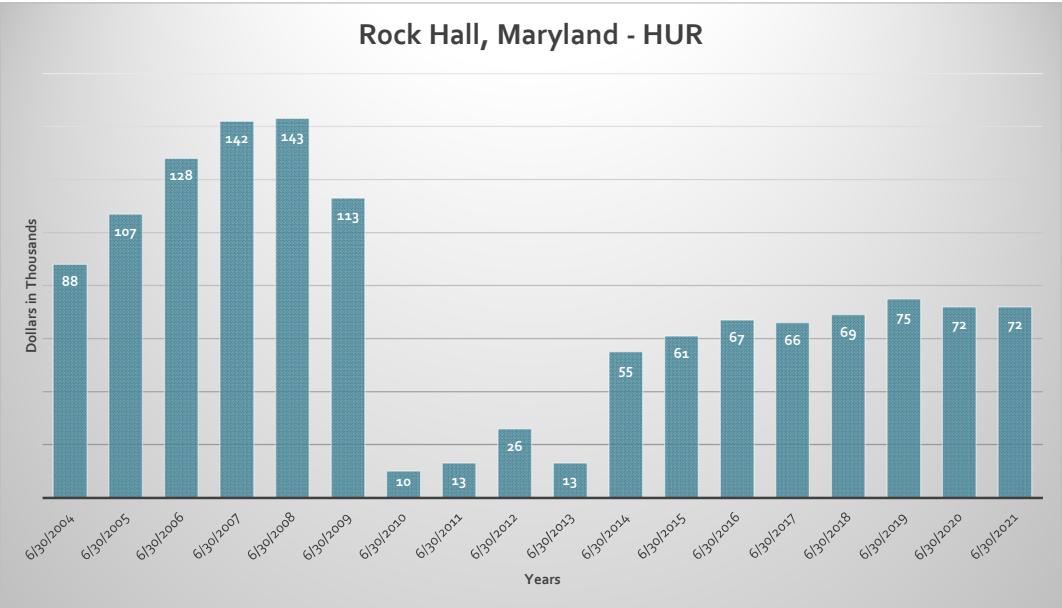
Sincerely,

Dawn E. Jacobs
Mayor



Rock Hall, Maryland

Date	Annual Revenue
6/30/2004	88
6/30/2005	107
6/30/2006	128
6/30/2007	142
6/30/2008	143
6/30/2009	113
6/30/2010	10
6/30/2011	13
6/30/2012	26
6/30/2013	13
6/30/2014	55
6/30/2015	61
6/30/2016	67
6/30/2017	66
6/30/2018	69
6/30/2019	75
6/30/2020	72
6/30/2021	72



Town of Rock Hall



Beach Road.



Brittany Bay Road.



Chesapeake Ave.



Lawton Avenue.

Town of Rock Hall



N. Hawthorne Ave.



Judefind Ave.



City of Salisbury

Jacob R. Day, Mayor

10 March 2022

Committee: Environment & Transportation

Testimony on: HB 1187

Position: Favorable

Dear Members of the Environment and Transportation Committee,

As you consider the merits of **HB 1187**, I ask that you **support** this impactful legislation and vote to give **HB 1187** a **Favorable** Committee report.

The City of Salisbury supports **HB 1187**, which will codify changes to the distribution of funds credited to the Gasoline and Motor Vehicle Revenue Account that are awarded as capital grants to counties and municipalities based on Highway User Revenues (HURs). This bill is essential as it will help to ensure that municipalities continue to receive fair compensation for vital road repairs and transportation infrastructure projects.

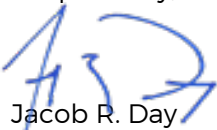
Prior to FY 2020, municipalities received only 0.4% of Highway User Revenues. Thanks to legislation enacted in 2018, the municipal share of highway user revenues was increased fivefold, to 2% for a four-year period, from FY 20-24. Now, unless HB 1187 is enacted, the municipal share of HUR funding will be slashed, reverting back to 0.4%. The negative impact that would result from this loss of funding would prove to be catastrophic to the 157 municipalities across Maryland.

I write in support of HB 1187 as this crucial legislation will build upon the progress achieved in 2018 by ensuring that 2.6% of funds credited to the Gasoline and Motor Vehicle Revenue Account are distributed directly to municipalities as HUR capital grants. As a state, we simply cannot afford to move backwards and forfeit the progress we have achieved over the past four years since HUR distribution was reformed.

As we continue to return tax dollars and revenue to local governments by entrusting our local municipal leaders to fix roads throughout their communities, we are making cities and towns across Maryland a safer and more accessible place to call "home."

I ask for your **support** of this impactful legislation as we pave the way to a safer future for all Marylanders.

Respectfully,



Jacob R. Day
Mayor

Abigail Diaz

From: Abigail Diaz
Sent: Tuesday, March 8, 2022 8:42 AM
To: Abigail Diaz

From: Keith Griffith <keithgriffith15@yahoo.com>
Sent: Monday, March 07, 2022 9:32 PM
To: Angelica Bailey <angelicab@mdmunicipal.org>
Subject: Re: Maple Ave sidewalk

To whom it may concern,

Recently I forwarded some photos of a seriously damaged sidewalk that has become an extreme hazard to pedestrians within our town. The sidewalk leads to a major park within town limits and is also utilized by kids walking to and from bus stops and the members of the church. The condition of this sidewalk has become so dangerous that now pedestrians have to walk in the street in certain areas. The HUR is a way for incorporated municipalities like the Town of Sudlersville to be able to help cover costs like sidewalk repairs and other upgrades within the town. Towns like Sudlersville already have difficult times keeping budgets balanced and additional expenses like street and sidewalk repairs, street lighting bills, and other street maintenance expenses make it financially stressful to town management and staff with only receiving a minimal amount of HUR monies. I would appreciate our incorporated municipalities being considered when the HUR decision is finally made and hopefully sometime in the near future municipalities could be considered for potential revenue increases through the HUR program. Thank you for your time and considerations in regards to this program and statement.

Keith Griffith
Commission President
Town of Sudlersville

Town of Sudlersville



Town of Sudlersville



CITY OF WESTMINSTER
45 West Main Street
Westminster, Maryland 21157



TELEPHONE:
Local (410) 848-9000
Baltimore Line (410) 876-1313
www.westminstermd.gov

March 7, 2022

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

Subject: HB 1187/SB 762 – Highway User Revenues – Revenue and Distribution

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

On behalf of the Common Council of the City of Westminster, I am writing in support of HB 1187/SB 762, which would increase highway user revenues (HURs) to municipalities over the next two fiscal years to approximate HUR funding levels that existed prior to the state diversion beginning in FY2010. This is a priority bill for the Maryland Municipal League as well.

This bill would provide the City of Westminster with an additional \$250,000 in FY23 and FY24, which would increase our road maintenance budget by 30%. We intend to use some of these funds to improve crosswalks and intersections in our downtown area as part of our larger pedestrian safety initiative. These funds will facilitate safe passage for those visiting and shopping in our local downtown business district, including students and faculty of McDaniel College.

HUR funds have been a critical funding source to address road maintenance and pavement management. With approximately 75 lane miles to maintain, the City needs every revenue source available to continue to meet our obligations to our residents and the community.

We sincerely hope that HB 1187/SB 762 can make it to the floor so that every member has a chance to vote on this important legislation. We believe 2022 is the year to permanently restore highway user revenues to local governments.

Thank you for your consideration.

Sincerely,

Dr. Mona Becker
Mayor

2022 MGA - SB 726 - Transportation - Highway User

Uploaded by: Barry Glassman

Position: FAV



BARRY GLASSMAN

HARFORD COUNTY EXECUTIVE

Senate Bill 726

Transportation – Highway User Revenues – Revenue and Distribution

Position: SUPPORT

To: Senate Budget and Taxation Committee

Date: March 09, 2022

From: HARFORD COUNTY

HARFORD COUNTY SUPPORTS SB 726. This bill fully restores the local share of highway user revenues and holds the State to its long-standing responsibility to help fund public infrastructure.

Highway user revenue restoration will supply desperately needed funding to repair and maintain local roads and bridges.

Recession-driven budget cuts decimated the local share of Highway User Revenues and have left local roadways, bridges, and other public infrastructure in dire need of maintenance and repair. Re-investing in infrastructure – a call heard at every level of government – is good for Maryland jobs, business attractiveness, residents' safety, and overall quality of life across the state.

Harford County owns and maintains over **1,000 miles** of County roads. We saw a **90% drop** in HUR funding in FY 09, which has not been restored over the past 13 years. We have had to suspend our programs to convert our older tar and chip roads to asphalt, and have had to defer and scale back our road resurfacing program. Without these critical and previously programmed improvements, our roads are aging more quickly, making them more susceptible to damage and are requiring additional repair efforts.

The cumulative loss of local roadway investment since FY 2007 is over \$4.5 billion. With local governments maintaining 83% of the roads in Maryland, this represents a significant and critical loss for local resources.

The State created the highway user revenue formula in 1968, and for more than forty years afterward, local governments had received at least 30 percent of transportation revenues— mostly motor fuel tax and vehicle registration fees—to fund their roads and bridges. The Great Recession forced cuts to this area deeper than those in any other component of the state budget. Twenty-three counties' share of funds plummeted from nearly \$300 million in 2007 to only \$40 million in 2018: an 87 percent decimation. In 2018, Baltimore City alone received nearly \$100 million less than it did before the cuts.

MARYLAND'S NEW CENTER OF OPPORTUNITY

410.638.3350 | TTY Maryland Relay 711 | www.harfordcountymd.gov

220 South Main Street, Bel Air, Maryland 21014

THIS DOCUMENT IS AVAILABLE IN ALTERNATIVE FORMAT UPON REQUEST

In 2018, a temporary phase-in was passed to provide emergency relief for local infrastructure projects – bringing those twenty-three counties to only a third of their previous, fully funded amounts – but it is set to expire in FY 2025. If **SB 726** does not pass, local infrastructure funding will again plummet, this time by about \$76.8 million, further stressing county budgets already strained by the national health pandemic, a weakened economy, aggressive education funding mandates, and other state obligations.

Harford County has a cumulative loss of over **\$150 Million** in Highway User Revenues between FY 2009 and FY 2023.

The full restoration of this funding will mean better, safer, more modern infrastructure for travel, economic development, and the quality of life of Maryland's residents.

Highway user revenues fund roads and bridges across Maryland through an equitable, time-tested formula based on road mileage and vehicle registrations. This touches the roads our kids ride to school, the roads our first responders travel to keep us safe, and the roads where we all live. Without restoration of the traditional share of highway user revenues to local governments, counties and municipalities will have minimal means to address infrastructure maintenance and keep our communities safe and moving.

SB 726 returns the transportation dollars to the 83% of roads and bridges maintained by local governments in Maryland. It brings back transportation dollars to our local communities. This bill restores these desperately needed funds to their intended purpose.

Accordingly, Harford County respectfully urges the Committee to give **SB 726** a **FAVORABLE REPORT** to fund all local roadways.

Sincerely,



Barry Glassman

Harford County Executive

SB 726 Testimony .pdf

Uploaded by: Cory McCray

Position: FAV

CORY V. MCCRAY
Legislative District 45
Baltimore City

DEPUTY MAJORITY WHIP

Budget and Taxation Committee

Subcommittees

Vice Chair, Capital Budget

Pensions

Chair, Public Safety, Transportation,
and Environment



James Senate Office Building
11 Bladen Street, Room 221
Annapolis, Maryland 21401
410-841-3165 • 301-858-3165
800-492-7122 Ext. 3165
Cory.Mccray@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

March 9, 2022

Testimony in Support of Senate Bill 726

Transportation – Highway User Revenues – Revenue and Distribution

Dear Chair Guzzone and Members of the Budget and Taxation Committee,

I write to urge you to **support** Senate Bill 726. It is crucially important that local governments receive the requisite funding to properly address issues like roads, bridges, and transportation, which impact highway user revenues. This funding should be restored, in effect, through the implementation of Senate Bill 726.

Under Senate Bill 726, the funds from the Gasoline and Motor Vehicle Revenue Account (GMVRA), which are provided annually to local governments by the Maryland Department of Transportation (MDOT) through capital transportation grants, will increase. In 2018, the General Assembly authorized a temporary uptick in funding for local roads and bridges; however, this will expire soon, which necessitates action. If Senate Bill 726 is successful, beginning in Fiscal Year 2025, the level of funding made available prior to previous funding cuts will be restored.

Under the current law, funding for local roads will plummet by nearly \$80 million in Fiscal Year 2025. This measure supplants that result without increasing taxes and fees, but by adjusting the current formula and distribution of existing transportation revenues. It is critical that we fund roads through gas tax, and not local property revenue. It is imperative that we properly fund Maryland's roads, so that we do not detrimentally rely on capital that should be reserved for other means—like bettering our public schools, public safety, and public health.

If enacted, Senate Bill 726 would take effect July 1, 2022, and will require that certain practices be adopted in accordance with the law.

I respectfully request a favorable report on Senate Bill 726. Thank you.

Respectfully submitted,

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

Cory V. McCray
State Senator, 45th District

SB726 - Highway User Revenues – Revenue and Distri

Uploaded by: Dakota Matthews

Position: FAV



John Hartline, Chair

50 Harry S. Truman Parkway • Annapolis, MD 21401
Office: 410-841-5772 • Fax: 410-841-5987 • TTY: 800-735-2258
Email: rmc.mda@maryland.gov
Website: www.rural.maryland.gov
Charlotte Davis, Executive Director

Testimony in Support of
Senate Bill 726 - Transportation – Highway User Revenues – Revenue and Distribution
Senate Budget and Taxation Committee
March 09, 2022

The Rural Maryland Council supports Senate Bill 726 - Transportation – Highway User Revenues – Revenue and Distribution. This bill alters the amount of certain capital grants calculated based on highway user revenues that are required to be appropriated to Baltimore City, counties, and municipalities by raising the current capital grants appropriated from the Transportation Trust Fund from 9.6% to the original 30%. The Rural Maryland Council supports efforts to restore the Highway User Revenue funds to pre-great recession levels to provide adequate infrastructure throughout the State.

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 to 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-726 will guarantee that some of the gas tax revenue will be directed to fix local roads in a driver's community. The Rural Maryland Council respectfully requests your favorable support of Senate Bill 726.

The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

Letter in Support of SB726.pdf

Uploaded by: Dawn Marcus

Position: FAV

Jeffrey A. Cline, *President*
Terry L. Baker, *Vice President*
Krista L. Hart, *Clerk*



Wayne K. Keefer
Randall E. Wagner
Charles A. Burkett

**BOARD OF COUNTY COMMISSIONERS OF
WASHINGTON COUNTY, MARYLAND**

March 7, 2022

Senator Guy Guzzone, Chair
Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: Support of SB 726 – Transportation - Highway User Revenues – Revenue and Distribution:
Washington County

Dear Senator Guzzone:

The Board of County Commissioners of Washington County, Maryland unanimously supports Senate Bill 726.

Washington County has nearly 900 miles of paved, locally-maintained roads. In fiscal year 2007, Washington County received nearly \$9 million in highway user revenues. This revenue stream provided for routine highway repair, maintenance, and operations. The General Assembly changed the distribution of highway user revenues, and Washington County currently receives approximately \$2 million annually in highway user revenues. This is inadequate to provide for routine maintenance and repair of local roads, causing the County to be forced to employ disfavored cosmetic seals and pothole repairs. Since 2007, Washington County has lost approximately \$120 million in revenue that it would have historically received to maintain and repair its local roads.

This bill restores the traditional funding stream and returns highway user revenues to the local governments that maintain and repair most of the roads in the State of Maryland. Restoration of this revenue stream will directly enhance the quality of life enjoyed by county residents and visitors.

For the foregoing reasons, the Board of County Commissioners of Washington County respectfully and without reservation urges the Committee to approve SB 726.

Sincerely,

BOARD OF COUNTY COMMISSIONERS OF
WASHINGTON COUNTY, MARYLAND

BY: Jeffrey A. Cline
Jeffrey A. Cline, President

cc (via email): Senator George C. Edwards
Senator Paul Corderman

SB0726- 2.9.22 -- Transportation - Highway User Re

Uploaded by: Donald Fry

Position: FAV



TESTIMONY PRESENTED TO THE SENATE BUDGET AND TAXATION COMMITTEE

**SENATE BILL 726 – TRANSPORTATION – HIGHWAY USER REVENUES –
REVENUE AND DISTRIBUTION**

Sponsor – Senator McCray, et al

March 9, 2022

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Support

Senate Bill 726 increases the share of funds from the Gasoline and Motor Vehicle Revenue Account (GMVRA) that the Maryland Department of Transportation (MDOT) must annually provide to local governments through capital transportation grants beginning in fiscal 2025 by returning to the funding distribution that was in place for decades prior to the Great Recession.

Prior to the 2008 recession, local governments shared in 30% of the funds in the GMVRA. In 2009, with the state facing budget crisis, the Board of Public Works adopted a 90 % reduction of the local distributions and a 40% reduction to Baltimore City (which maintains all of the roads within its borders with few exceptions). While other recession cuts have since been restored, Highway User Revenues have not, despite the State's substantial transportation revenue increase in 2013.

Legislation passed by the General Assembly in 2018 established the current funding level for municipal Highway User Revenue (HUR) for a duration of five fiscal years. The looming sunset complicates local governments' ability to commit to longer-term transportation project plans. Maintaining the current level of grants has proven inadequate to fund the transportation needs of local governments around the state.

Predictability of the revenue sources and the distribution allocation of HUR was something on which local governments could rely in the decades preceding the cuts of 2009. Gas tax revenue and vehicle registration fees accounted for the lion's share of revenues into the HUR account with local governments benefitting from funding predictability based on a statutory share of the account. This allowed for local governments to engage in long-term infrastructure planning at a funding level that met the needs of the residents. This partnership between the State and local governments 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 local governments have struggled to compensate for the unexpected loss of these funds.

Senate Bill 726 is consistent with a key tenet in *Gaining a 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.

GREATER BALTIMORE COMMITTEE

111 South Calvert Street • Suite 1700 • Baltimore, Maryland • 21202-6180

(410) 727-2820 • www.gbc.org

Senate Bill 726 would give local governments predictability in future transportation funding, allow them to engage in long-term infrastructure planning, and avoid reliance on general funds to pay for transportation projects.

For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 726.

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 67-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.

Mayor Day SB 726 FAV Testimony.pdf

Uploaded by: Jacob Day

Position: FAV



City of Salisbury

Jacob R. Day, Mayor

09 March 2022

Committee: Budget & Taxation

Testimony on: SB 726

Position: Favorable

Dear Members of the Budget & Taxation Committee,

As you consider the merits of **SB 726**, I ask that you **support** this impactful legislation and vote to give **SB 726** a **Favorable** Committee report.

The City of Salisbury supports **SB 726**, which will codify changes to the distribution of funds credited to the Gasoline and Motor Vehicle Revenue Account that are awarded as capital grants to counties and municipalities based on Highway User Revenues (HURs). This bill is essential as it will help to ensure that municipalities continue to receive fair compensation for vital road repairs and transportation infrastructure projects.

Prior to FY 2020, municipalities received only 0.4% of HURs. Thanks to legislation enacted in 2018, the municipal share of Highway User Revenues was increased fivefold, to 2% for a four-year period, from FY 20-24. Now, unless SB 726 is enacted, the municipal share of HUR funding will be slashed, reverting back to 0.4%. The negative impact that would result from this loss of funding would prove to be catastrophic to the 157 municipalities across Maryland.

Serving as both the Mayor of Salisbury and the President of the Maryland Municipal League, I recognize the value of empowering municipalities by providing us with the resources to effectively and efficiently serve Marylanders close to home, at the local level. I write in support of SB 726 as this crucial legislation will build upon the progress achieved in 2018 by ensuring that 2.6% of funds credited to the Gasoline and Motor Vehicle Revenue Account are distributed directly to municipalities as HUR capital grants. As a state, we simply cannot afford to move backwards and forfeit the progress we have achieved over the past four years since HUR distribution was reformed.

As we continue to return tax dollars and revenue to local governments by entrusting our local municipal leaders to fix roads throughout their communities, we are making cities and towns across Maryland a safer and more accessible place to call "home."

I ask for your **support** of this impactful legislation as we pave the way to a safer future for all Marylanders.

Respectfully,

Jacob R. Day
Mayor

SB 726_CEGardner_fav.pdf

Uploaded by: Jan Gardner

Position: FAV



JAN H. GARDNER
Frederick County
Executive

SB 726

**Transportation – Highway
User Revenues – Revenue and
Distribution**

County Position: FAVORABLE

Date: March 9, 2022
Committee: Budget and Taxation

Frederick County Executive Jan Gardner urges a **FAVORABLE** report for Senate Bill 726 Transportation – Highway User Revenues – Revenue and Distribution.

Recession-driven budget cuts decimated the local share of Highway User Revenues and have left local roadways, bridges, and other public infrastructure in dire need of maintenance and repair. Re-investing in infrastructure – a call heard at every level of government – is good for Maryland jobs, business attractiveness, residents' safety, and overall quality of life across the state. Frederick County is responsible for nearly 1,300 centerline miles of roadway, 222 twenty-foot-plus span bridges, 250 ten to twenty-foot span bridges, and approximately 6,000 culverts.

County Executive Gardner supports the provisions in the proposed legislation that:

- Restores the full local share of highway user revenues, holding the State to its long-standing responsibility to help fund public infrastructure and supplying desperately needed funding to repair and maintain local roads and bridges;
- Shares the responsibility of the State and of local governments to maintain and repair infrastructure in a way that reflects local governments' obligation to manage 83% of the roads across Maryland;
- Replaces a cumulative loss statewide of \$4.5B in local investments, and more than \$173M for Frederick County, for public infrastructure since fiscal year 2007; and
- Ensures ongoing, adequate funding to provide safer, better, more modern infrastructure for travel and economic development, and enables Frederick County to address the backlog of deferred projects that have been impacted as a result of these cuts in funding.

Frederick County Executive Gardner urges a **FAVORABLE** report for Senate Bill 726.

BaltimoreCounty_FAV_SB0726.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 726

TITLE: Transportation – Highway User Revenue – Distribution

SPONSOR: Senator McCray

COMMITTEE: Budget and Taxation

POSITION: SUPORRT

DATE: March 9, 2022

Baltimore County **SUPPORTS** Senate Bill 726 – Highway User Revenue – 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 726 requires the State to raise these much-needed funds closer to prerecession levels. This additional investment will provide Baltimore County with tens of millions more each year for roads, local infrastructure, and services that County residents depend on. SB 726 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 726. For more information, please contact Joel Beller, Acting Director of Government Affairs at jbeller@baltimorecountymd.gov.

HUR letter Guy Guzzone.PDF

Uploaded by: Julian Mansfield

Position: FAV

VILLAGE OF FRIENDSHIP HEIGHTS

VILLAGE COUNCIL

MELANIE ROSE WHITE, *Mayor*
MICHAEL MEZEY, *Chairman*
BRUCE R. PIRNIE, *Vice Chairman*
ALFRED MULLER, M.D., *Secretary*
PAULA DURBIN, *Treasurer*
MICHAEL J. DORSEY, *Parliamentarian*
CAROLINA ZUMARAN-JONES, *Historian*
JULIAN P. MANSFIELD, *Village Manager*

4433 SOUTH PARK AVENUE
CHEVY CHASE, MARYLAND 20815

Phone: 301-656-2797
Fax: 301-907-3922
Email: info@friendshipheightsmd.gov
Website: www.friendshipheightsmd.gov



March 3, 2022

The Honorable Guy Guzzone
Chairman
Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West Wing
11 Bladen St.
Annapolis, MD 21401

Dear Senator Guzzone:

On behalf of the Friendship Heights Village Council, the governing body of the Village of Friendship Heights, I am writing to express our strong support for Senate Bill 0726, Transportation—Highway User Revenues—Revenue and Distribution. This bill would remove the FY 2024 sunset provision and reinstate full funding of highway user revenues to the levels that existed prior to the state diversion of funds beginning in FY 2010, when highway user revenues were cut by 96%. This legislation is a top priority for the Maryland Municipal League as well.

Legislation passed by the General Assembly in 2018 provided our current funding level for five years. While this increase was helpful, it wasn't enough, and in the face of the looming sunset provision, engaging in long-term transportation and infrastructure projects is quite challenging. We respectfully urge a favorable report for this much-needed legislation so that every member has a chance to vote on it.

Thank you very much for your consideration.

Sincerely,

FOR THE COUNCIL

Melanie Rose White
Mayor

SB0726-BT_MACo_SUP.pdf

Uploaded by: Kevin Kinnally

Position: FAV



Senate Bill 726

Transportation – Highway User Revenues – Revenue and Distribution

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: March 9, 2022

From: Kevin Kinnally and Dominic J. Butchko

The Maryland Association of Counties **SUPPORTS** SB 726. The bill would restore counties' percentage of Highway User Revenues (HURs) to their pre-2007 percentage. **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 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.

Unfortunately, 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 726 would reset the state and local share of HURs to their pre-2007 percentages. This distribution served Maryland for decades before the recession-driven cutbacks. Given the opportunities created by federal infrastructure investments, and the compelling needs demonstrated by local governments on a decade-plus “starvation diet” of road and bridge funding, counties believe now is an opportune time to restore investment in critical local infrastructure.

It is important to note that SB 726 does not institute any new taxes, tolls, or fees – this bill is about redistributing existing resources to their rightful “fair share” percentage.

SB 726 would restore funding to local transportation needs. Accordingly, MACo urges the Committee to **SUPPORT** SB 726 and full funding for our local roads and bridges, whether through SB 726 or other legislation.

SB726 FAVORABLE Talbot County.pdf

Uploaded by: Laura Price

Position: FAV



COUNTY COUNCIL OF TALBOT COUNTY

COURT HOUSE
11 N. WASHINGTON STREET
EASTON, MARYLAND 21601-3178
PHONE: 410-770-8001
FAX: 410-770-8007
TTY: 410-822-8735
www.talbotcountymd.gov

CHUCK F. CALLAHAN, President
PETE LESHER, Vice President

FRANK DIVILIO
COREY W. PACK
LAURA E. PRICE

March 8, 2022

The Honorable Guy Guzzone
Chair – Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

The Honorable Jim Rosapepe
Vice-Chair – Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

RE: SB726 – TRANSPORTATION – HIGHWAY USER REVENUES – REVENUE AND DISTRIBUTION

FAVORABLE

Dear Chair Guzzone, Vice-Chair Rosapepe, and Members:

TALBOT COUNTY SUPPORTS SB726/HB1187. This bill fully restores the local share of highway user revenues and holds the State to its long-standing responsibility to help fund public infrastructure.

Highway user revenue restoration will supply desperately needed funding to repair and maintain local roads and bridges.

Recession-driven budget cuts decimated the local share of Highway User Revenues and have left local roadways, bridges, and other public infrastructure in dire need of maintenance and repair. Re-investing in infrastructure – a call heard at every level of government – is good for Maryland jobs, business attractiveness, residents' safety, and overall quality of life across the state.

Talbot County maintains a total of 372.3 miles of roadway. With the increase in traffic in recent years, numerous sections of road are failing and in need of critical attention, which is costly.

The cumulative loss of local roadway investment in Maryland since FY 2007 is over \$4.5 billion. With local governments maintaining 83% of the roads in Maryland, this represents a significant and critical loss for local resources.

The State created the highway user revenue formula in 1968, and for more than 40 years afterward, local governments had received at least 30 percent of transportation revenues— mostly motor fuel tax and vehicle registration fees—to fund their roads and bridges. The Great Recession forced cuts to this area deeper than those in any other component of the State budget. Twenty-three counties' share of funds plummeted from nearly \$300 million in 2007 to only \$40 million in 2018: an 87 percent decimation. In 2018, Baltimore City alone received nearly \$100 million less than it did before the cuts.

In 2018, a temporary phase-in was passed to provide emergency relief for local infrastructure projects – bringing those twenty-three counties to only a third of their previous, fully funded amounts – but it is set to expire in FY 2025. If SB726/HB1187 does not pass, local infrastructure funding will again plummet, this time by approximately \$76.8 million, further stressing county budgets already strained by the national health pandemic, a weakened economy, aggressive education funding mandates, and other State obligations.

Since FY2010, Talbot County has had a cumulative loss of \$34 million in Highway User Revenues.

The full restoration of this funding will mean better, safer, more modern infrastructure for travel, economic development, and the quality of life of Maryland's residents.

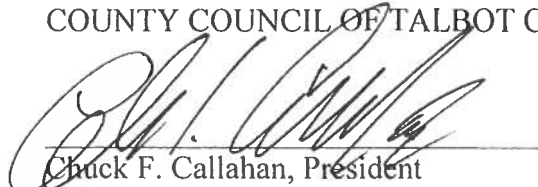
Highway user revenues fund roads and bridges across Maryland through an equitable, time-tested formula based on road mileage and vehicle registrations. This touches the roads our children ride to school, the roads our first responders travel to keep us safe, and the roads where we all live. Without restoration of the traditional share of highway user revenues to local governments, counties and municipalities will have minimal means of addressing infrastructure maintenance to keep our communities safe and moving.

SB726/HB1187 returns the transportation dollars to the 83% of roads and bridges maintained by local governments in Maryland. It brings back transportation dollars to our local communities. This bill restores these desperately needed funds to their intended purpose.

Accordingly, Talbot County respectfully urges the Committee to give SB726/HB1187 a **FAVORABLE** report to fund all local roadways.

Sincerely,

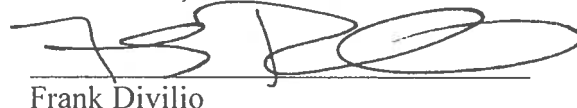
COUNTY COUNCIL OF TALBOT COUNTY



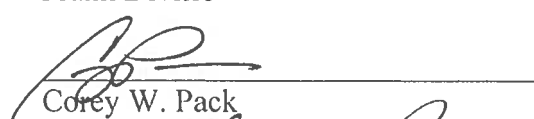
Chuck F. Callahan, President



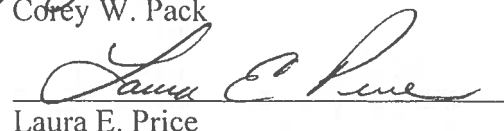
Pete Leshner, Vice President



Frank Divilio



Corey W. Pack



Laura E. Price

SB726 Letter of Support Somerset.pdf

Uploaded by: Lory Ebron

Position: FAV

COMMISSIONERS FOR SOMERSET COUNTY

11916 SOMERSET AVENUE, ROOM 111
PRINCESS ANNE, MARYLAND 21853
TELEPHONE 410-651-0320, FAX 410-651-0366

COMMISSIONERS

CRAIG N. MATHIES, SR., PRESIDENT
CHARLES LAIRD, VICE-PRESIDENT
REX SIMPKINS
ELDON WILLING
RANDY LAIRD



COUNTY ADMINISTRATOR-CLERK
RALPH D. TAYLOR

COUNTY ATTORNEY
KIRK G. SIMPKINS

March 8, 2022

The Honorable Guy Guzzone, Chair
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Re: SB0726 / Transportation – Highway User Revenues – Revenue and Distribution / Letter of Support

Dear Chairman Guzzone and Committee Members:

The Board of Commissioners for Somerset County respectfully request your consideration to vote favorably on SB0726 Transportation – Highway User Revenues – Revenue and Distribution.

Since 2007, Highway User Revenues peaked from a high of approx. \$2.9 million to a low in 2012 of approx. \$138,000. This reduction has placed a burden on our county road network and has led to the substandard conditions of our county roadways.

With HUR increases over the past several years, Somerset County has only recovered approximately 22% of its Highway User Revenue Funds, leaving us in the bottom six of counties recovering from the Highway User Revenue shortfalls. These shortfalls are particularly hurtful to our county, placing limitations on our much-needed Road Resurfacing Projects to include Road Side Drainage Projects and Capital Projects, as well as maintenance of our equipment and proper staffing of our Roads Department.

Therefore, the Board of Commissioners for Somerset County respectfully request a favorable report and final passage of SB0726 which would pave the way for a safer county road system and a more aesthetically pleasing road network for our travelling public. Thank you for your kind consideration.

Regards,

Ralph D. Taylor
County Administrator

Cc: Senator Carozza

CEBall_ SB 726_Support_HURs_Final.pdf

Uploaded by: Maureen Evans Arthurs

Position: FAV



HOWARD COUNTY OFFICE OF COUNTY EXECUTIVE

3430 Courthouse Drive ■ Ellicott City, Maryland 21043 ■ 410-313-2013 Voice/Relay

Calvin Ball
Howard County Executive
cball@howardcountymd.gov

www.howardcountymd.gov
FAX 410-313-3051

March 9, 2022

Senator Guy Guzzone, Chair
Budget and Taxation Committee
Miller Senate Office Building, 3 West
Annapolis, MD 21401

Re: Testimony **IN SUPPORT** of SB 726: Transportation – Highway User Revenues – Revenue and Distribution

Dear Chair Guzzone, Vice Chair Rosapepe and Members of the Committee,

The importance of fully restoring Highway User Revenues to Maryland counties and municipalities cannot be understated. I stand with government leaders from 23 other jurisdictions across the state requesting your support for Senate Bill 726.

Since the Great Recession, critical funding for local roads was stripped by 90% resulting in an overall loss of approximately \$4.5 billion statewide since 2007. Over the last 13 years, Howard County has lost more than \$193 million in funding to maintain our 1,200 miles of local roads, bridges and transportation infrastructure. Our roads provide both local and regional travel to neighboring counties and this draconian deficit has meant diverting funding from other local budget line items to continue maintenance on our local roads.

Although recession-driven cutbacks have been fully or largely restored in other areas, highway user revenues have remained historically low, even after the State enacted a transportation revenue increase. This bill offers an opportunity to restore the state and local share for transportation revenues to the pre-recession level, and a statewide renewed cooperation and commitment to prioritizing our highway infrastructure.

Senate Bill 726 is an opportunity to provide full restoration of highway user revenues to county governments which will ensure safe, well maintained roads across Maryland counties and municipalities. Re-investing in infrastructure is good for the safety of our residents, quality of life improvements, our businesses, and the long-term health of Maryland's economy overall.

Passing SB 726 is an important step in ensuring the equitable distribution of funding for all 24 Maryland jurisdictions. We ask for your partnership and urge a favorable report on SB 726.

All the Best,

Calvin Ball
Howard County Executive

SB726 CarrollCo Commissioners FAV.pdf

Uploaded by: Michael Fowler

Position: FAV

**Board of County
Commissioners**

Edward C. Rothstein, President
C. Richard Weaver, Vice President
C. Eric Bouchat
Dennis E. Frazier
Stephen A. Wantz



Carroll County Government

225 North Center Street
Westminster, Maryland 21157
410-386-2043; 1-888-302-8978
fax 410-386-2485
MD Relay 711/800-735-2258

March 8, 2022

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

Re: SB726 - Transportation – Highway User Revenues – Revenue and Distribution - SUPPORT

Dear Chair Guzzone and Members of the Committee,

We write in strong support of SB726 and urge a favorable report. The bill increases local government share of highway user revenue that was significantly reduced beginning with FY2008. The share was increased slightly in 2019 but will sunset after FY2024, plunging again to FY2008 levels. Justifications for the increase include:

- Local government must fund ever expanding transportation needs from other budget areas, even though those budget lines have also increased significantly, particularly education
- In Carroll County, simply maintaining existing roadways came to \$21.8 mil in FY2022 and, of that, only \$1.5 mil came from state highway user revenue
- Assuming HUR funding had remained at FY2007 levels, there has been an approximate cumulative loss of state transportation funding in Carroll County of over \$150 mil since FY2008

The General Assembly now has an opportunity, as a partner with local governments, to restore this funding and help ensure we can provide safe and efficient transportation infrastructure for our citizens. For these reasons we urge a FAVORABLE report on SB726.

Sincerely,

THE BOARD OF COUNTY COMMISSIONERS OF CARROLL COUNTY

A handwritten signature in blue ink, appearing to read "Edward C. Rothstein".

Edward C. Rothstein (COL, Ret.)
President

A handwritten signature in blue ink, appearing to read "C. Richard Weaver".

C. Richard Weaver
Vice President

A handwritten signature in blue ink, appearing to read "C. Eric Bouchat".

C. Eric Bouchat

A handwritten signature in blue ink, appearing to read "Dennis E. Frazier".

Dennis E. Frazier

A handwritten signature in blue ink, appearing to read "Stephen A. Wantz".

Stephen A. Wantz

SB 726_MTBMA_FAV.pdf

Uploaded by: Michael Sakata

Position: FAV



March 9, 2022

Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 726 – FAVORABLE – Transportation – Highway User Revenues – Revenue and Distribution

Dear Chairman Guzzone and Members of the Senate Budget and Taxation Committee:

The Maryland Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland’s multimodal transportation system.

Senate Bill 726 would increase the share of funds from the Gasoline and Motor Vehicle Revenue Account that the Maryland Department of Transportation must provide annually to local governments through Highway User Revenue (HUR) capital grants beginning in FY 2025.

Prior to the Great Recession, local governments in Maryland received more than 30% of Transportation Trust Fund (TTF) revenues to support the roads and bridges that they maintained. In August 2009, the Board of Public Works made a devastating 90% cut to HUR’s, and the following year’s budget made that cut ongoing. MTBMA strongly supports this legislation because it would return the HUR distribution back to the previous 30% share, increasing the amount of TTF dollars that will be invested in these projects by upwards of \$441 million by FY 2027. These funds are critical to building, repairing, and maintaining the roads and bridges that make up the backbone of Maryland’s transportation infrastructure.

We appreciate you taking the time to address this important issue, and we urge a favorable report on Senate Bill 726.

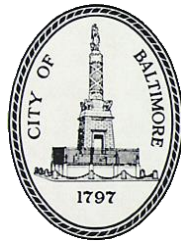
Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

SB0726-BT-FAV.pdf

Uploaded by: Natasha Mehu

Position: FAV



BRANDON M. SCOTT
MAYOR

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

SB 726

March 9, 2022

TO: Members of the Senate Budget and Taxation Committee

FROM: Natasha Mehu, Director, Office of Government Relations

RE: Senate Bill 726 – 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) 726.

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 during FY2010. 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 allocation to local governments remains historically low. No jurisdiction has been impacted more negatively than the City of Baltimore.

Baltimore City has historically received the largest share of local HUR allocation of any locality in Maryland because we are the only jurisdiction where the State Highway Administration does not maintain any roads. Instead, virtually all roads within Baltimore City are maintained locally by the Baltimore City Department of Transportation. Baltimore City's FY2021 HUR allocation was roughly two-thirds of FY2007 allocation, and over the course of the past 14 fiscal years, this ongoing funding cut has resulted in a cumulative loss of more than \$900 million in revenue that is desperately needed to reinvest in the City's aging infrastructure. With the recent passing of the Infrastructure Investment and Jobs Act, the restoration of HUR allocation to local governments is critical due to the need for local matching funds to tap federal infrastructure dollars. Furthermore, providing the City of Baltimore the capacity to invest in our infrastructure would also directly benefit 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 MDOT MTA.

Starting in FY2025, SB 726 effectively removes the HUR funding cut to Baltimore City by increasing the City's annual HUR appropriation percentage to 12.1%. Though the proposed increase to the City's annual HUR appropriation doesn't fully address the lost revenue from the past decade, the additional revenue will be of tremendous benefit to the City of Baltimore as we look to modernize and improve our transportation infrastructure.

For these reasons, we respectfully request a **favorable** report on SB 726.

Councilwoman Odette Ramos SB726_3.9.2022.pdf

Uploaded by: Odette Ramos

Position: FAV



Odette Ramos

Baltimore City Councilwoman

District 14

(410) 396 - 4814

odette.ramos@baltimorecity.gov

100 N. Holliday Street, Room 506

Baltimore MD 21202

Testimony

SB726 – Transportation - Highway User Revenues – Revenue and Distribution

March 9, 2022

FAVORABLE

Chair Guzzone and Members of the Senate Budget and Taxation Committee:

I am writing to urge your support for **SB726 – Transportation - Highway User Revenues – Revenue and Distribution**

SB726 increases the amount of Highway User Revenues for each jurisdiction in Maryland.

Baltimore City is the only local jurisdiction in Maryland that is responsible for maintaining state highways and interstate (I-83) in the jurisdiction. All other state highways and interstates outside of Baltimore City are maintained by the State of Maryland, via MDOT SHA or MDOT MdTA. Therefore, Baltimore historically has had the highest allocation of the Highway User Revenues in the state.

In addition, Baltimore City is the only jurisdiction where our roads are used by residents of many other jurisdictions – either they work in Baltimore, come to enjoy your harbor or our neighborhoods, or come to receive the best health care in the world. Baltimore is the central hub of our state.

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.

As a result, since 2007, Baltimore has lost over \$900 million total over the past 15 years.

In the most recent capital budget allocation, the Baltimore City Department of Transportation presented a slide that detailed the significant infrastructure that has deferred maintenance, totaling \$1.3Billion. I have attached that diagram to this testimony. Capital costs to maintain the bridge, road, traffic calming and other transportation infrastructure is \$158.32million each year. We will never have a fighting chance of addressing our infrastructure needs without additional funding.

Once SB726/HB1187 passes and is signed, Baltimore will receive 8.3% of the Highway User Revenues. In 2025, Baltimore will receive 12.1% of the Highway User Revenues which could add another \$56.6million to Baltimore so our total allocation is closer to \$210million per year.

This legislation is critical to help us meet our transportation infrastructure needs. In my district, our requests for road repair, traffic calming, speed bumps, and more have not been fulfilled because of the lack of funding. We have a list of over 100 requests, and the current capital budget will never allow us to make headway on completing these requests. These are issues that are critical for the safety and quality of life for our residents. It is an equity issue- most of the requests that remain outstanding are in areas that have traditionally been ignored.

I urge your favorable report for this legislation.

Please do not hesitate to contact me should you have any questions. I can be reached on 410-396-4814 or via email at odette.ramos@baltimorecity.gov.

Respectfully Submitted:

A handwritten signature in dark ink, appearing to read 'Odette', with a stylized flourish at the end.

Odette Ramos
Baltimore City Councilwoman
District 14

Additions: Graphics provided by Baltimore City Department of Transportation

Local Funding - Highway User Revenue (HUR)

Components of HUR:

- o Motor Fuel Tax
- o Corporate Income Tax
- o Sales and Use Tax (a portion of short-term vehicle rentals)
- o Motor Vehicle Titling Fee
- o Motor Vehicle Registration Fee

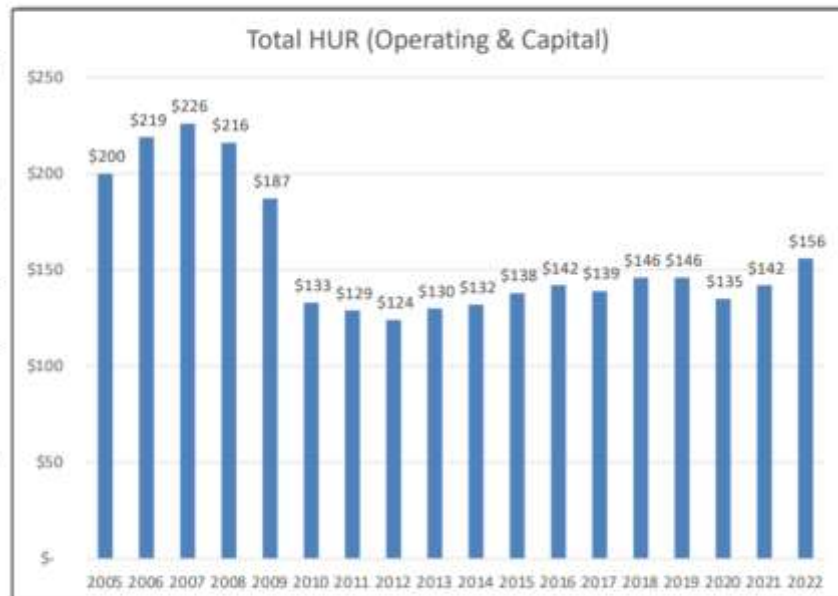
Prior to 1998: 15% of total State HUR was distributed to the City - larger percentage due to the City maintaining State Routes and Interstate

1998-2009: Baltimore City received the minimum of 11.5% of total State HUR or \$157.5M, plus 30% of the HUR minus the greater of the \$157.5M or 11.5% of HUR exceeding 1998's calculation

2010: State changed the formula to allocate revenues to the State's General Fund. This permanently reduced the allocation to the City which dropped to 8.6% in Fiscal 2010 and 7.9% in 2011

Post-2012: City allocation has ranged from 7.5% to the current 8.3% total State HUR. The 8.3% allocation is legislated to remain until FY2025, when its scheduled to be reduced to 7.7%.

2013: The State stopped allocating HUR to their General Fund, but did not reinstate the allocation to the City



8

DOT Long Term Capital Needs

The capital needed to correct the deferred maintenance is approximately \$1.3 Billion. If DOT were to receive the funding to correct the deferred maintenance, the estimated projected annual funding for replacement of existing assets is \$158.35 Million. Correcting deferred maintenance would provide an acceptable level/condition for the infrastructure assets.

Asset Category	ESTIMATED CAPITAL NEEDED FOR DEFERRED MAINTENANCE TO BRING TO A STATE OF GOOD REPAIR	ESTIMATED ANNUAL CAPITAL FUNDING NEEDED FOR CAPITAL REPLACEMENT PER YEAR FOR THE NEXT 20 YEARS	AVERAGE PER YEAR APPROPRIATION IN THE CAPITAL BUDGET (OVER THE LAST THREE FISCAL YEARS)
Sidewalks / ADA Access	\$657M	\$37.85M	\$5.8M
Bridges	\$435M	\$31.75M	\$21.5M
Roadways	\$316M	\$64.8M	\$29.5M
DOT Facilities	\$79M	\$18.95M	-
Traffic Signalization	\$67M	\$5.35M	\$3.3M
Transit Infrastructure	\$50M	\$7.5M	\$3.3M
Alleys	\$44M	\$4.2M	\$1.5M
Lighting	\$33M	\$3.65M	-
Bicycle Facilities	\$7M	\$1.85M	\$1.1M
TOTAL	\$1.3B	\$158.35M	



SB0726_FAV_City of Rockville_HUR - Revenue & Distr

Uploaded by: Pam Kasemeyer

Position: FAV



Testimony of the Mayor and Council of Rockville

SB 726 – Transportation – Highway User Revenues – Revenue and Distribution SUPPORT

The Rockville Mayor and Council thank Chairman Guzzone and the members of the Senate Budget and Taxation Committee for the opportunity to comment on SB 726. We are thankful to Senator McCray for sponsoring this important legislation.

The Rockville Mayor and Council, in partnership with the Maryland Municipal League, strongly support this legislation. As you consider the merits of this legislation, we urge the Committee to provide SB 726 with a favorable report and forward it to the Senate floor for a vote.

SB 726 is the solution that would bring permanent restoration of municipal highway user revenues (HUR) by:

- Removing the funding sunset currently set up to go into effect after FY 2024 when municipal HUR would revert to Great Recession level lows; and
- Increasing municipal HUR beginning in FY2025 to the approximate levels that existed prior to the massive State diversion in 2009 (FY 2010).

The State is in a unique position in 2022, as there is a significant budget surplus and there is federal infrastructure funding that is coming to Maryland. The drastic FY 2010 HUR cut was intended to be a one-time reduction and restored the following year. More than twelve years later, we are still waiting for the restoration.

We are very grateful to the General Assembly for approving in 2018 the approximately 85% restoration of municipal HUR in FY 2020-FY 2024. The increased funding has enabled the City to make a larger investment in capital improvement projects, including road and sidewalk projects, bridge maintenance, and pedestrian safety and traffic calming devices that help to keep our residents safe. There are 102 bridges in the City of Rockville – vehicle and pedestrian – and we maintain 367 lane miles and roads.

With the sunset looming after FY 2024, engaging in long term transportation plans will be difficult. Municipalities must have surety in planning for transportation infrastructure that is integral to public safety and healthy local economies. As we move forward with the implementation of the Mayor and Council's Vision Zero plan, with the goal to end traffic crash deaths and serious injuries by 2030, HUR funding is becoming increasingly significant in our efforts to provide traffic safety solutions that protect the lives of our residents.

Full HUR restoration will make municipalities whole after many years of underfunding. The time for the General Assembly to act on this longstanding priority is now. SB 726 is the solution that achieves this goal. We ask for your support for this legislation.

SB 726_MAA_FAV.pdf

Uploaded by: Rachel Clark

Position: FAV

CHAIRMAN:
Rob Scrivener
VICE CHAIRMAN
Brian Russell

MARYLAND ASPHALT ASSOCIATION



SECRETARY:
David Slaughter
TREASURER:
Jeff Graf
PRESIDENT:
G. Marshall Klinefelter

March 9, 2022

Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: SB 726 – FAVORABLE – Transportation – Highway User Revenues – Revenue and Distribution

Dear Chairman Guzzone and Members of the Senate Budget and Taxation Committee:

The Maryland Asphalt Association (MAA) is comprised of 18 producer members representing more than 47 production facilities, 24 contractor members, 24 consulting engineer firms and 41 other associate members. We proactively work with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 726 would increase the share of funds from the Gasoline and Motor Vehicle Revenue Account that the Maryland Department of Transportation must provide annually to local governments through Highway User Revenue (HUR) capital grants beginning in FY 2025.

Prior to the Great Recession, local governments in Maryland received more than 30% of Transportation Trust Fund (TTF) revenues to support the roads and bridges that they maintained. In August 2009, the Board of Public Works made a devastating 90% cut to HUR's, and the following year's budget made that cut ongoing. MAA strongly supports this legislation because it would return the HUR distribution back to the previous 30% share, increasing the amount of TTF dollars that will be invested in these projects by upwards of \$441 million by FY 2027. These funds are critical to building, repairing, and maintaining the roads and bridges that make up the backbone of Maryland's transportation infrastructure.

We appreciate you taking the time to address this important issue, and we urge a favorable report on Senate Bill 726.

Thank you,

Marshall Klinefelter
President
Maryland Asphalt Association

SB726 - SUPPORT - Commissioners of St. Mary's Coun

Uploaded by: Randy Guy

Position: FAV

ST. MARY'S COUNTY GOVERNMENT
**COMMISSIONERS OF
ST. MARY'S COUNTY**



James R. Guy, President
Eric Colvin, Commissioner
Michael L. Hewitt, Commissioner
Todd B. Morgan, Commissioner
John E. O'Connor, Commissioner

Senate Bill 726

Transportation – Highway User Revenues – Revenue and Distribution

SUPPORT

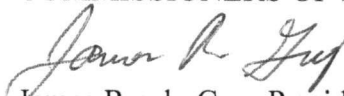
The Honorable Guy Guzzone, Chairman
Budget and Taxation Committee
Miller Senate Office Building, 3 West
11 Bladen Street
Annapolis, MD 21401

Dear Chairman Guzzone:

The Commissioners of St. Mary's County **SUPPORT** SB 726 - Transportation – Highway User Revenues – Revenue and Distribution which will be heard in the Budget and Taxation Committee.

We support SB 726 and request a favorable with amendments report. We appreciate the introduction of this legislation and believe this legislation will benefit the citizens of St. Mary's County. We look forward to working with you on this and other initiatives throughout the session.

Sincerely,
COMMISSIONERS OF ST. MARY'S COUNTY


James Randy Guy, President

CSMC/AB/sf
T:/Consent/2022/068

Cc: Senator Jack Bailey
Delegate Matthew Morgan
Delegate Gerald Clark
Delegate Brian Crosby
Commissioner Eric Colvin
Commissioner Michael Hewitt
Commissioner Todd Morgan
Commissioner John O'Connor
Catherine Pratson, Acting Co-County Administrator
David Weiskopf, Acting, Co-County Administrator

HB1187.SB726.Letter of Support. Final.pdf

Uploaded by: Reuben Collins

Position: FAV



CHARLES COUNTY COMMISSIONERS

Reuben B. Collins, II, Esq., *President*
Bobby Rucci, *Vice President*
Gilbert O. Bowling, III
Thomasina O. Coates, M.S.
Amanda M. Stewart, M.Ed.

Mark Belton
County Administrator

March 8, 2022

Bill: HB 1187/ SB 726 Transportation – Highway User Revenues – Revenue and Distribution
Committee: House – Environment and Transportation
Senate – Budget and Taxation
Position: OPPOSE

It is the sincere pleasure of the Board of County Commissioners for Charles County to support passage of HB 1187/ SB 726 Transportation – Highway User Revenues – Revenue and Distribution. This bill fully restores the local share of highway user revenues and holds the State to its long-standing responsibility to help fund public infrastructure.

Recession-driven budget cuts decimated the local share of Highway User Revenues and have left local roadways, bridges, and other public infrastructure in dire need of maintenance and repair. Re-investing in infrastructure – a call heard at every level of government – is good for Maryland jobs, business attractiveness, residents' safety, and overall quality of life across the state. Charles County lost over \$114,000,000 beginning in FY08. Undoubtedly, the impact of such a dramatic decrease in funding has meant the delay of important road projects, to the detriment of our residents and visitors.

The cumulative loss for Maryland counties since FY 2007 is over \$4.5 billion in local roadway investment. With local governments maintaining 83% of the roads in Maryland, this represents a significant and critical loss for local resources.

The State created the highway user revenue formula in 1968, and for more than forty years afterward, local governments had received at least 30 percent of transportation revenues— mostly motor fuel tax and vehicle registration fees—to fund their roads and bridges. The Great Recession forced cuts to this area deeper than those in any other component of the state budget. Twenty-three counties' share of funds plummeted from nearly \$300 million in 2007 to only \$40 million in 2018: an 87 percent decimation. In 2018, Baltimore City alone received nearly \$100 million less than it did before the cuts.

In 2018, a temporary phase-in was passed to provide emergency relief for local infrastructure projects – bringing those twenty-three counties to only a third of their previous, fully funded amounts – but it is set to expire in FY 2025. If SB726/HB1187 does not pass, local infrastructure funding will again plummet, this time by about \$76.8 million, further stressing county budgets already strained by the national health pandemic, a weakened economy, aggressive education funding mandates, and other state obligations. The full restoration of this funding will mean better, safer, more modern infrastructure for travel, economic development, and the quality of life of Maryland's residents.

Highway user revenues fund roads and bridges across Maryland through an equitable, time-tested formula based on road mileage and vehicle registrations. This touches the roads our kids ride to school, the roads our first responders travel to keep us safe, and the roads where we all live. Without restoration of the traditional share of highway user revenues to local governments, counties and municipalities will have minimal means to address infrastructure maintenance and keep our communities safe and moving.

SB726/HB1187 returns the transportation dollars to the 83% of roads and bridges maintained by local governments in Maryland. It brings back transportation dollars to our local communities. This bill restores these desperately needed funds to their intended purpose.

200 Baltimore Street • La Plata, Maryland 20646 • 301-645-0550 • 301-870-3000

Toll Free: 1-877-807-8790 • Fax: 301-645-0560 • E-Mail: Commissioner@CharlesCountyMD.gov

Maryland Relay Service: 711 • Relay Service TDD: 1-800-735-2258 • Equal Opportunity Employer

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Accordingly, the Charles County Commissioners respectfully urge the Committee to give SB726/HB1187 a FAVORABLE report to fund all local roadways. Thank you for the opportunity to provide our full support.

Sincerely,

A handwritten signature in blue ink, appearing to read 'RBC', with a long horizontal flourish extending to the right.

County Commissioners of Charles County
Reuben B. Collins, II, Esq., President

cc: Charles County Delegation

Support Letter HB1187 SB726 Queen Anne_s.pdf

Uploaded by: Shane Moore

Position: FAV



Queen Anne's County

DEPARTMENT OF PUBLIC WORKS

312 Safety Drive
Centreville, MD 21617

Telephone: (410) 758-0925

Fax: (410) 758-3341

www.qac.org

County Commissioners:

James J. Moran, At Large
Jack N. Wilson, Jr., District 1
Stephen Wilson, District 2
Philip L. Dumenil, District 3
Christopher M. Corchiarino, District 4

Senate Bill 726 / House Bill 1187

Transportation – Highway User Revenues – Revenue and Distribution

Position: SUPPORT

To: Budget and Taxation Committee
Environment and Transportation Committee

Date: March 9 and 10, 2022

From: R. Shane Moore, Queen Anne's County

Queen Anne's County SUPPORTS SB726/HB1187. This bill fully restores the local share of highway user revenues and holds the State to its long-standing responsibility to help fund public infrastructure.

Highway user revenue restoration will supply desperately needed funding to repair and maintain local roads and bridges.

Recession-driven budget cuts decimated the local share of Highway User Revenues and have left local roadways, bridges, and other public infrastructure in dire need of maintenance and repair. Re-investing in infrastructure – a call heard at every level of government – is good for Maryland jobs, business attractiveness, residents' safety, and overall quality of life across the state.

The loss of over \$68 million in HUR since 2008 has resulted in backlogs in general road maintenance, road resurfacing and equipment replacement that we are still working to resolve today. All road resurfacing and equipment replacements were deferred indefinitely creating a +90% backlog in road resurfacing and overlays before supplemental funding was allocated to restart the program. In addition, staffing levels were reduced by over one-third (1/3) from our original pre-2008 staffing levels. The use of one-time monies from the sale of bonds, State Aid Allocations and ARRA grants as well as County general fund allocations help with road resurfacing, capital equipment and projects they do not help in rebuilding our depleted staff to meet the needs of our Roads Maintenance program.

The cumulative loss of local roadway investment since FY 2007 is over \$4.5 billion. With local governments maintaining 83% of the roads in Maryland, this represents a significant and critical loss for local resources.

The State created the highway user revenue formula in 1968, and for more than forty years afterward, local governments had received at least 30 percent of transportation revenues— mostly motor fuel tax and vehicle registration fees—to fund their roads and bridges. The Great Recession forced cuts to this area

deeper than those in any other component of the state budget. Twenty-three counties' share of funds plummeted from nearly \$300 million in 2007 to only \$40 million in 2018: an 87 percent decimation. In 2018, Baltimore City alone received nearly \$100 million less than it did before the cuts.

In 2018, a temporary phase-in was passed to provide emergency relief for local infrastructure projects – bringing those twenty-three counties to only a third of their previous, fully funded amounts – but it is set to expire in FY 2025. If SB726/HB1187 does not pass, local infrastructure funding will again plummet, this time by about \$76.8 million, further stressing county budgets already strained by the national health pandemic, a weakened economy, aggressive education funding mandates, and other state obligations.

COUNTY has a cumulative loss of \$68,454,256 million in Highway User Revenues between FY 2009 and FY 2023.

The full restoration of this funding will mean better, safer, more modern infrastructure for travel, economic development, and the quality of life of Maryland's residents.

Highway user revenues fund roads and bridges across Maryland through an equitable, time-tested formula based on road mileage and vehicle registrations. This touches the roads our kids ride to school, the roads our first responders travel to keep us safe, and the roads where we all live. Without restoration of the traditional share of highway user revenues to local governments, counties and municipalities will have minimal means to address infrastructure maintenance and keep our communities safe and moving. SB726/HB1187 returns the transportation dollars to the 83% of roads and bridges maintained by local governments in Maryland. It brings back transportation dollars to our local communities. This bill restores these desperately needed funds to their intended purpose.

Accordingly, Queen Anne's County respectfully urges the Committee to give SB726/HB1187 a **FAVORABLE** report to fund all local roadways.

Anne Arundel County_FAV_SB 726.pdf

Uploaded by: Steuart Pittman

Position: FAV



March 9, 2022

Senate Bill 726

**Transportation – Highway User Revenues – Revenue and
Distribution**

Senate Budget and Taxation Committee

Position: FAVORABLE

Senate Bill 726 fully restores the local share of highway user revenues (HUR) and holds the State to its long-standing responsibility to help fund public infrastructure. Restoration of HUR will supply desperately needed funding to repair and maintain local roads and bridges and lead to better, safer, more modern infrastructure for travel, economic development, and the quality of life of Maryland's residents.

The State created the HUR formula in 1968 to fund roads and bridges across Maryland through an equitable distribution based on road mileage and vehicle registrations. For more than 40 years, local governments received at least 30% of transportation revenues – mostly motor fuel tax and vehicle registration fees – to fund our roads and bridges. The Great Recession forced cuts to this area deeper than those in any other component of the state budget. In Anne Arundel County alone, our share of funds plummeted from nearly \$32 million in 2007, to less than \$6 million in 2018.

A temporary phase-in was passed in 2018 to provide emergency relief for local infrastructure projects. This relief consisted of only a third of our previous, fully funded amounts. But even this level of funding is set to expire in fiscal year 2025. If SB 726 does not pass, local infrastructure funding will again plummet, this time by about \$76.8 million, further stressing county budgets already strained by the national health pandemic, a weakened economy, and state obligations.

Anne Arundel County has consistently spent substantially more on HUR-eligible activities than the amount of HUR available. Road resurfacing and reconstruction projects total \$25 million annually, and Anne Arundel County has budgeted \$43 million for roads and bridges. Despite this considerable local investment, Anne Arundel County still has road and bridge needs that go unfunded each year. Without restoration of the traditional share of HUR to local governments, infrastructure maintenance will suffer, affecting the roads our kids ride to school, the roads our first responders travel to keep us safe, and the roads where we all live.

Recession-driven budget cuts decimated the local share of HUR and have left local roadways, bridges, and other public infrastructure in dire need of maintenance and repair. Re-investing in infrastructure – a call heard at every level of government – is good for Maryland jobs, business attractiveness, residents' safety, and overall quality of life across the state. For these reasons, we respectfully urge the Committee to give SB 726 a **FAVORABLE** report.

Steuart Pittman
County Executive

SB726_PGCC_SUPPORT.pdf

Uploaded by: Therese Hessler

Position: FAV



THE PRINCE GEORGE'S COUNTY GOVERNMENT

(301) 952-3700
County Council

POSITION STATEMENT

SB 726

Senator McCray, et al
Budget & Taxation
Committee

Transportation – Highway User Revenues – Revenue
and Distribution

POSITION:

SUPPORT

SB 726 – Transportation – Highway User Revenues – Revenue and Distribution - For the purpose of altering the amounts of certain capital grants calculated based on highway user revenues that are required to be appropriated to Baltimore City, counties, and municipalities in certain fiscal years; and generally relating to revenue for and distributions of highway user revenues.

In 2019, Chapters 330 and 331 altered the manner in which the Gasoline and Motor Vehicle Revenue Account (GMVRA) revenues are shared with local governments, beginning in fiscal 2020. Instead of directly sharing the revenue with local governments, the Acts require 100% of the funds in GMVRA to be retained by the Transportation Trust Fund (TTF) and distributed to local governments through capital transportation grants. This change allows the Maryland Department of Transportation (MDOT) to issue bonds backed by the GMVRA revenues that are ultimately issued to local governments; MDOT was unable to do so prior to the enactment of Chapters 330 and 331.

This reduction of highway user revenue was over 90%. The former share of \$555 million was drastically cut back, and while counties stepped forward during the 2018 legislative session as part of a five-year funding boost, their cumulative share still trails far behind what they used to receive. Over five years ago there was an agreement with the General Assembly to restore this for a five-year period and this will continue that period beginning in 2025.

Restoring this funding is imperative to the road improvement projects, bicycle paths and trails, and the expansion of bus services and renovations at rail stops. If passed, this legislation would help these projects get the funding they rightfully deserve.

For the foregoing reasons, the Prince George's County Council SUPPORTS Senate Bill 726 and respectfully requests your favorable consideration of its position.

Prepared by: LA PEREZ Consulting
On behalf of Prince George's County Council

Ashman Testimony - SB 726 HB 1187 Transportation -

Uploaded by: Tom Loneragan-Seeger

Position: FAV



March 4, 2022

Senator Guy Guzzone
Chair, Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

Delegate Kumar Barve
Chair, Environment and Transportation Committee
Room 251
House Office Building
Annapolis, Maryland 21401

RE: Support for SB726/HB1187- Transportation – Highway User Revenues – Revenue and Distribution

Dear Chairs and Committee Members:

The Mayor and City Council of Gaithersburg support Senate Bill 762 & House Bill 1187. In addition to removing the funding sunset after FY '24, these bills would increase highway user revenues (HURs) to municipalities over the next two fiscal years to approximate HUR funding levels that are consistent with historical norms, while also providing stability to plan longer-term projects. These are priority bills for both the City of Gaithersburg as well as the Maryland Municipal League.

As you recall, the 2009 reduction to highway user revenue was intended to be a one-time cut and restored the following year- which never happened. Here in the City of Gaithersburg, we estimate to have lost between \$7.5M and \$9M over the past decade alone. The loss of these funds increased our deferred maintenance costs and significantly delayed new road projects to support Gaithersburg's fast-growing population and business community. While the effects of these cuts were undoubtedly felt statewide, the impacts were particularly acute here in Gaithersburg, where we operate as a "pay as you go" city and do not borrow to fund capital projects.

City of Gaithersburg • 31 South Summit Avenue, Gaithersburg, Maryland 20877-2038
301-258-6300 • FAX 301-948-6149 • cityhall@gaithersburgmd.gov • gaithersburgmd.gov

MAYOR
Jud Ashman

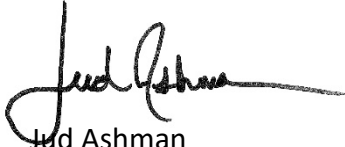
COUNCIL MEMBERS
Neil Harris
Lisa Henderson
Jim McNulty
Ryan Spiegel
Robert T. Wu

CITY MANAGER
Tanisha R. Briley

While the annual grants in recent years have been helpful to our city, we cannot realistically rely on them from year to year. The cost of labor and materials for road maintenance and construction continues to rise, and these amounts of these grants are simply insufficient. As a result, planning and budgeting for the City's transportation projects has proven to be problematic. With a state budget surplus and billions of federal infrastructure dollars flowing into Maryland, we believe that 2022 is the year to finally and permanently restore highway user revenues to local governments.

For all of the reasons stated herein, we respectfully request these committees grant these bills a favorable report. Thank you for your consideration.

Respectfully submitted,

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

Jud Ashman

Mayor

City of Gaithersburg

SB0726-BT_KENT COUNTY_SUP.pdf

Uploaded by: Tom Mason

Position: FAV



The County Commissioners of Kent County

P. Thomas Mason, President | Ronald H. Fithian, Member | Robert N. Jacob, Jr., Member
Shelley L. Heller, County Administrator | Thomas N. Yeager, County Attorney

March 3, 2022

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

RE: SUPPORT OF Senate Bill 726 / House Bill 1187 Transportation – Highway User Revenues – Revenue and Distribution

Dear Chair Guzzone and Members of the Budget and Taxation Committee:

The County Commissioners of Kent County, Maryland support Senate Bill 726 / House Bill 1187 Transportation – Highway User Revenues – Revenue and Distribution. Due to drastic decreases in sharing funding of the Highway User Revenues by the State, in the last 12 years, the County's roads investment in funding has had by necessity, to defer investment in capital road improvements to work to preserve the existing road network. The backlog of capital projects includes paving, signage, traffic, and safety improvements. Without an impactful restoration of the fair share of funding, the long-lasting effects of a recession-driven budget cut will continue to hinder the transportation improvements needed to keep residents and visitors safe on our roadways.

We respectfully submit our full support to SB726 / HB1187.

Very truly yours,
THE COUNTY COMMISSIONERS
OF KENT COUNTY, MARYLAND

P. Thomas Mason, President

Ronald H. Fithian, Member

Robert N. Jacob, Jr., Member

KCC: sew

cc: The Honorable Stephen S. Hershey, Jr.
The Honorable Jay A. Jacobs
The Honorable Steven J. Arentz
The Honorable Jefferson L. Ghrist

W. Edwards - Support Letter for SB726 and HB1187.p

Uploaded by: Warren Edwards

Position: FAV



TALBOT COUNTY ROADS DEPARTMENT MARYLAND

605 PORT STREET
EASTON, MARYLAND 21601-3178
PHONE: 410-770-8150
FAX: 410-770-8158

WARREN W. EDWARDS, JR.
SUPERINTENDENT

March 8, 2022

The Honorable Guy Guzzone
Chair – Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

The Honorable Jim Rosapepe
Vice-Chair – Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

RE: SB726 – TRANSPORTATION – HIGHWAY USER REVENUES – REVENUE AND DISTRIBUTION

FAVORABLE

Dear Chair Guzzone, Vice-Chair Rosapepe, and Members:

TALBOT COUNTY ROADS DEPARTMENT SUPPORTS SB726/HB1187.

Talbot County maintains a total of 372.3 miles of roadway. With the increase in traffic in recent years, numerous sections of road are failing and in need of critical attention, which is costly.

We currently have approximately 11.5 miles of roadway paved with asphalt. Three miles of asphalt roadway which were widened and improved approximately 15 years ago desperately need patching, milling and overlay. The cost to do this work alone would cost approximately \$900,000. The remaining roads are tar and chip surface with an average of 9' to 20' in width. In order to widen these roads and make them safe for emergency vehicles and other traffic, a very timely process of acquiring rights-of-way and property is required, not to mention the actual work. The estimated cost to tar and chip surface Talbot County roads would approach \$420 million, not including the cost of right-of-way acquisition.

Ninety percent of our county roads were at one time farm lanes and dirt roads. As such, there is sub-base failure of roads throughout the county due to existing materials and drainage issues. We are currently working to replace multiple culvert pipes anywhere from 12" – 48" in diameter. The cost of these replacements vary from \$3,500 to \$50,000, depending on the depth of pipe and materials needed, etc.

In addition, vehicles and equipment have not been replaced on a proper rotational basis. Several dump trucks and heavy equipment used on a regular basis are in constant need of repair, and costly to operate.

The Roads Department has 17 road work employees. For nine months of the year, five of those employees are mowing or cutting back brush. The remaining employees resurface roads, either with tar and chip or asphalt, repair drainage issues, replace culverts, maintain signage, trim trees and perform multiple other tasks. In addition to our regular road maintenance/drainage duties, the Roads Department averages between 125-160 citizen call-in requests per month.

The Talbot County Council has done everything possible to fund our many projects; however, it is impossible to maintain the road infrastructure in the county that needs immediate attention without the restoration of Highway User Revenues.

The Talbot County Roads Department respectfully urges the Committee to give SB726/HB1187 a FAVORABLE report to fund all local roadways.

Sincerely,

Warren W. Edwards, Jr.
Roads Superintendent

SB0726 - FIN - HUR - LOI_FINAL.pdf

Uploaded by: Molly O'Hara

Position: INFO

March 9, 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 726 – Transportation – Highway User Revenues – Revenue and Distribution

Dear Chairman Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 726 but offers the following information for the Committee's consideration.

Senate Bill 726 would increase highway user revenue (HUR) capital grants to local jurisdictions beginning in FY 2025. Under current law, HUR capital grants are distributed to local jurisdictions based on a formula established in law that considers a percentage of certain revenues in the Gasoline and Motor Vehicle Revenue Account in the Transportation Trust Fund (TTF). Through FY 2024, 13.5% of HUR funds are distributed to local jurisdictions and the remaining 86.5% are retained by the MDOT to invest in Maryland's statewide multi-modal transportation system. Beginning in FY 2025, this distribution changes to 9.6% to local jurisdictions and 90.4% to the MDOT.

Senate Bill 726 would increase the percentage distributed to local jurisdictions to 30%, with the remaining 70% retained by the MDOT, beginning in FY 2025, resulting in a funding loss of approximately \$436 million to the MDOT. The actual amount of funds distributed will vary based on actual revenues received. The MDOT's current financial plan assumes that the current distribution of HUR capital grants (13.5% to locals and 86.5% to the MDOT) remains in place throughout the forecasted period. This assumption reduces the amount of additional funding that is required under Senate Bill 726; however, there is still a significant reduction of funding to MDOT's capital program, and subsequent increase in local government funding, of approximately \$353 million per year.

The MDOT's Final FY 2022 – 2027 Consolidated Transportation Program and accompanying financial plan released in January of this year reflect HUR percentages continuing at their current rate of 13.5 percent, which will increase highway user revenue capital grants by an estimated \$83 million per year starting in FY 2025.

HUR capital grants are paid from the MDOT's capital program, and the current six-year capital program is fully subscribed, meaning that all available funding is programmed for capital projects. Passage of Senate Bill 726 would require the MDOT to redirect \$353 million per year of funding from current capital projects to the HUR capital grants. The total impact to the six-year CTP would be \$1.1 billion as a result.

A \$1.1 billion reduction in the MDOT's capital program will have a significant impact on the MDOT's ability to fund critical system preservation projects across all modes of transportation. This reduction in capital spending will also impact the MDOT's ability to provide required State funding matches to federal funds. Without sufficient State match funding, the MDOT may not be able to utilize all federal funding available, especially regarding the additional federal funding expected from the Infrastructure Investment and Jobs Act (IIJA). Significant portions of the additional funding available from IIJA are in the form of discretionary grants, which often require State matches of 20% or more. The MDOT would be at risk of not being able to compete for these funds if it cannot identify required State matching funds.

Proponents of Senate Bill 726 may refer to this bill as a "restoration" of historical funding levels for HUR funding; however, it is important to remember that there were a number of related actions that took place when that decision was made. After a series of changes to revenues and transfers between the State's General Fund, the TTF, and the local share of HUR during the period from 2007 to 2011, the legislature permanently credited the TTF with a larger share of HUR funds to offset a revenue loss caused by redirecting a portion of revenues from the TTF to the State's General Fund.

Facing a structural deficit of nearly \$2 billion in 2007, then-Governor Martin O'Malley called a special session of the legislature that resulted in several actions to increase revenues to the State's General Fund and the TTF, including increasing the sales tax, personal income tax, corporate income tax, tax on cigarettes, vehicle excise (titling) tax, and certificate of title fees. The legislature increased the State's sales tax from 5% to 6%, expanded the sales tax to computer services, dedicated a portion (6.5%) of sales tax revenues to transportation, and ended certain required transfers from the TTF to the State's General Fund. In total, these actions increased annual revenues to the TTF by \$413 million, with the largest portion of that, estimated at \$291 million, due to the changes in sales tax revenues.

Not long after the 2007 Special Session, the revenue outlook took a dramatic turn when the Great Recession began, and legislators were again facing a structural budget gap. During the 2008 legislative session, the legislature repealed the sales tax on computer services and reduced the share of sales tax revenues distributed to the TTF from 6.5% to 5.3%, thus reducing revenues to the TTF by \$70 million.

Still facing a budget shortfall when returning for the 2009 legislative session, the General Assembly took multiple actions to balance the budget, including transferring funding from the local share of HUR funds to the General Fund and permanently reducing the locals share of HUR funds from 30% to 28.5%. In 2010, additional one-time transfers were made from the locals share of HUR funds to the State's General Fund and a permanent change was made to the distribution formula to redirect 19.3% of HUR funds from local jurisdictions to the State's General Fund.

During the 2011 session, the legislature sought to divorce the relationship between the TTF and the State's General Fund. The share of the State sales tax to transportation was eliminated and the TTF's share of corporate income tax revenues was reduced from 24% to 17.2%, resulting in an annual revenue loss to the TTF of \$340 million. To offset this impact, the legislature credited the 19.3% distribution of HUR funding from the State's General Fund to the MDOT. Thus, when discussing the reduction of HUR funding to local jurisdictions, it is critical to remember that it was not an isolated decision; rather, it occurred as part of a series of related actions that intended to keep the MDOT from the loss of revenues caused by the redirection of other revenues from the TTF to the State's General Fund. Therefore, from a revenue capacity standpoint, setting the local share of HUR funding to 30% provides less transportation funding for the MDOT's critical system preservation needs than was available a decade ago.

The Maryland Department of Transportation respectfully requests that the Committee consider this information when deliberating Senate Bill 726.

Respectfully submitted,

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