

February 9, 2022

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

Re: Letter of Support – Senate Bill 400 – Transportation – Highway User Revenue – Distribution

Dear Chairman Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) supports Senate Bill 400 as it increases transportation funding to local jurisdictions by extending current Highway User Revenue (HUR) capital grant funding levels beyond the legislatively mandated reduction in fiscal year 2025.

HUR capital grants are calculated based on a formula in law as a percentage of revenues from the motor fuel tax, vehicle titling tax, corporate income tax, and rental car sales tax. These revenues fluctuate from year-to-year based on the economy and market conditions. A share of these revenues are distributed to the local governments, including Baltimore City, for road and bridge maintenance. In 1968, the Maryland General Assembly created the HUR formula, which specifies how these funds are distributed to the local jurisdictions based upon vehicle registrations and miles of roadway maintained in each jurisdiction.

Most recently, in 2018, the percentage of revenues that flow to the local jurisdictions was increased to 13.5 percent for FY 2019 to FY 2024 only; per current law, in FY 2025, the percentage of revenues allocated to local jurisdictions reverts back to 9.6 percent. Senate Bill 400 would allow for percentages to continue at their current rate of 13.5 percent, increasing highway user revenue capital grants by an estimated \$83 million per year starting in FY 2025. Although the impact of this change is several years away, it is important to take this action now so that local jurisdictions can take this higher funding level into account when making long-term capital planning decisions. MDOT's Final FY 2022-2027 Consolidated Transportation Program and accompanying financial plan released in January of this year reflect the proposed percentages outlined in House Bill 400.

The Maryland Department of Transportation respectfully requests the Committee grant Senate Bill 400 a favorable report.

Respectfully submitted,

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