



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
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MAYOR
Jud Ashman

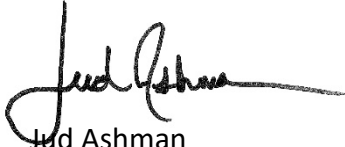
COUNCIL MEMBERS
Neil Harris
Lisa Henderson
Jim McNulty
Ryan Spiegel
Robert T. Wu

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 <townfoak@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....

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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.

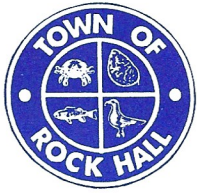
The Towns have suffered incredible hardship over the past several years since the HUR funding was so wrongly taken away. The loss of Highway User Revenue has impacted the ability of the Town to adequately pay our employees because monies that would have been used for salaries and benefits have had to 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

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***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.

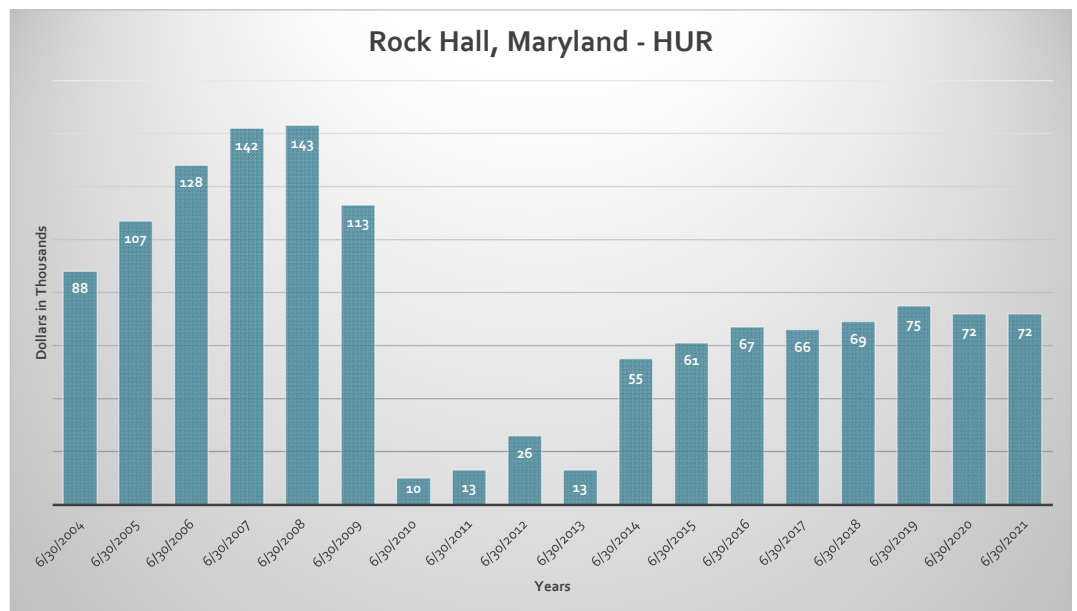
Sincerely,

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.

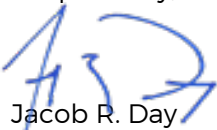
Prior to FY 2020, municipalities received only 0.4% of Highway User Revenues. Thanks to legislation enacted in 2018, the municipal share of highway user revenues was increased fivefold, to 2% for a four-year period, from FY 20-24. Now, unless HB 1187 is enacted, the municipal share of HUR funding will 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



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Westminster, Maryland 21157



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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