gbc POSITION STATEMENT

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.

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.

GREATER BALTIMORE COMMITTEE
Suite 1700. 111 South Calvert Street. Baltimore, Maryland 21202-6180
410. 727-2820. Fax 410. 539-5705