



House Bill 637

Transportation - Highway User Revenues Capital Grants - Calculation

MACo Position: **SUPPORT**

To: Appropriations and Environment and
Transportation Committees

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From: Kevin Kinnally and Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS** HB 637, which fully restores Highway User Revenues (HUR) to local governments and finally corrects a long-standing imbalance in Maryland's transportation funding.

The State must uphold its commitment to local infrastructure. Restoring Highway User Revenues ensures counties can maintain safe, reliable roads and bridges without facing another devastating funding shortfall.

For decades, Maryland maintained a balanced approach to transportation funding, recognizing that while the State oversees major highways, local governments maintain 83% of the road network. These local roads serve as main streets, business corridors, school bus routes, and neighborhood connectors – essential infrastructure that supports communities and local economies.

In 2009, during the depths of the Great Recession, the State slashed local road funding to address a budget shortfall, assuring counties these cuts would be temporary. But fifteen years later, the State has restored nearly every recession-driven cut – except for local transportation funding. Counties continue to operate with a fraction of their historical funding levels, forcing them to delay or cancel road maintenance projects and stretch limited resources to maintain the infrastructure that millions of Marylanders rely on daily.

The funding framework enacted in recent years helped provide some relief, but counties remain vulnerable to a funding cliff in fiscal 2028 unless further legislative action extends these funding levels. Without HB 637, counties will absorb a significant cut, setting back local road and bridge maintenance and safety projects even further. The governor's fiscal plan does not account for this reality, leaving local governments to brace for another round of uncertainty in an already strained budget environment.

This bill offers a permanent, responsible fix by restoring the historic funding partnership between the State and local governments. Counties do not have independent authority to raise dedicated transportation revenues – without a fair share of state resources, local road maintenance and improvements will continue to fall behind. A predictable, reliable revenue stream ensures local governments can invest in long-term infrastructure improvements, reduce costly emergency repairs, and provide safe and efficient roadways for Maryland's residents and businesses.

Maryland's roads do not end at the state highway system – every local road is part of a broader transportation network. Restoring HUR is not just a win for local governments; it bolsters the entire state's infrastructure. For these reasons, MACo urges a **FAVORABLE** report on HB 637.