



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

March 4, 2025

Committee: House Appropriations Committee

Bill: HB 637 - Transportation - Highway User Revenues Capital Grants - Calculation

Position: Favorable with Amendments

Reason for Position:

The Maryland Municipal League (MML) fully supports House Bill 637, with specific amendments to hold municipal governments harmless in FY 2026 and FY 2027. Highway user revenue (HUR) represents the largest source of State revenue that is disbursed to municipal governments and the bill generally increases the allocation formula of HUR to local governments.

For decades prior to the historic cuts to HUR in 2009, municipal governments received a 2.56% share of HUR. Those initial cuts decreased the municipal share to 0.4%, a drop of 85% which resulted in a loss of over \$30 million per year. As a result of those cuts and subsequent legislation, municipal governments lost over \$300 million in HUR.

As part of legislation passed by the General Assembly in 2022, municipal governments see a gradual increase in their share of HUR over four fiscal years before a final slight decrease in FY 28 then leveling off in future fiscal years.

Municipal Government HUR Share

Fiscal Year	Current Law	HB 637	% Difference	\$ Difference
FY 2025	2.7 %	2.7 %	0 %	\$0
FY 2026	3.0 %	2.6 %	-0.4 %	-\$8 million
FY 2027	3.0 %	2.6 %	-0.4 %	-\$8 million
FY 2028+	2.4 %	2.6 %	+0.2 %	+\$4 million

As demonstrated in the table above, under the bill, the municipal share of HUR drops 0.4 % for FY 26 and FY 27. This would lead to a decrease to municipal governments of about \$16 million over those two years. However, in FY 2028 and each fiscal year thereafter, the municipal share increases by 0.2 %, or about \$4 million per year.



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The proposed MML amendment is to set the municipal share at 2.6% in FY 2028, thus holding municipal governments harmless in FY 2026 and FY 2027.

For these reasons, the Maryland Municipal League respectfully requests a favorable report on House Bill 637. Please contact Bill Jorch, Director, Public Policy and Research at billj@mdmunicipal.org, for more information. Thank you for your consideration.

The Maryland Municipal League uses its collective voice to advocate, empower and protect the interests of our 160 local governments members and elevates local leadership, delivers impactful solutions for our communities, and builds an inclusive culture for the 2 million Marylanders we serve.

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