



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

SPONSOR TESTIMONY IN SUPPORT OF HB641
(State Property Tax – Transportation Funding [Transportation Funding Act of 2025])

Delegate Sheila Ruth
February 11, 2025

HB641 allows the Governor, in coordination with the Maryland Department of Transportation and the Department of Public Works, to raise revenue for the Transportation Trust Fund (TTF) to support critical investments in our transportation infrastructure across the state of Maryland by submitting a proposed property tax rate to the General Assembly.

The primary benefit of this approach to funding is the ability to use classes or subclasses based on property type or geographical location. Under the current process, transportation projects must compete for funding prioritization from a highly limited pot of money. Although this bill would not change the prioritization process, it would help ensure that transportation revenue is raised in a fair, equitable, and adequate way that is tied to the needs of the communities to be impacted by these projects.

HB641 incorporates transparency throughout the process in which factors may be considered when determining rates year to year. This is designed to protect the public and ensure rates are aligned with needs without creating undue burden. When determining rates under this legislation, the Governor may consider the following for each class, subclass, or geographic boundary: the cost to maintain state of good repair, current operating costs, planned transportation projects and priorities, potential financial burden, and the environmental and economic impacts of projects to be funded. The proposed rate is prohibited from exceeding the estimated revenue attributable to the rate of state tax certified by the Board of Public Works under § 8–134 of this article, or raising more than 25% of the estimated total additional revenue from a single county. Additionally, the final proposal submitted annually must transparently state both the estimated revenues and the criteria used in the decision making.

Quality transportation, including robust public transit, is critical for Maryland's current economy and its future growth, public safety, equity, and more. There are many badly needed and widely popular projects that will provide benefits for communities across the state in every county. But many of these projects — I-81 in Washington County, the Red Line in Baltimore City and County and County, and the Southern Maryland Rapid Transit project, just to name a few — will need an appropriately funded TTF to be realized. One CNBC ranking of most business friendly

states from July 2024 finds Maryland 37th for infrastructure while Virginia is ranked 3rd.¹ This bill would help Maryland build and maintain a transportation infrastructure network it can be proud of, which it needs for its people to thrive.

The state is focused now more than ever on economic growth which will require being a national leader in regional mobility. Money we invest in transportation offers significant returns from the resulting increased economic activity and growth. A new report commissioned by the Greater Washington Partnership, for example, found that during a typical year the agency supports \$2.7 billion in total economic output, \$1.7 billion in total GDP, \$930 million in total labor income and 9,660 total jobs statewide.² This return on investment applies to individuals as well. Improvements in nearby transportation infrastructure increases home value, providing a return on the property tax. According to findings by Freddie Mac, within the Washington Metropolitan Area the value of a home increases the closer it is located to a WMATA Metro station Houses within a quarter mile of a Metro station sold for 8.6% more than those over a mile away.³

Despite the importance of the many projects that require funding, the TTF faces a major funding crisis due to several factors, including decreased gas tax revenue due to people driving less and more fuel efficient cars on the market, the end of COVID-19 relief and other less-than-expected Federal funding, and inflation and rising construction costs. Over the next six years, the trust fund will face a major shortfall. We cannot allow critical investments to be put on hold or fall through the cracks. HB641 offers a valuable approach to address this challenge.

From getting to work, to seeing loved ones, to going to doctors appointments, and otherwise living life, our people rely on a fully funded and functional transportation network in a state of good repair. We must ensure that funding is adequate, transparent, correlated, and equitable. We need a transparent approach to funding the TTF that has a direct correlation between revenue generation and community benefit. I ask you for a favorable report for HB641.

¹ CNBC.com staff. (2024, July 11). America's top states for business 2024: The full rankings. CNBC. <https://www.cnbc.com/2024/07/11/americas-top-states-for-business-full-rankings.html>

² EY. (2025, January). The economic impact of the Maryland Transit Administration's capital and operating expenditures. Greater Washington Partnership. <https://greaterwashingtonpartnership.com/wp-content/uploads/2025/01/GWP-Maryland-Transit-Admin-Report-Jan-2025.pdf>

³ Economic & Housing Research Group. (2019, October 2). Proximity to a Metro rail station and its impact on Washington, DC metropolitan house prices: Amenity or not? Freddie Mac. <https://www.freddiemac.com/research/insight/20191002-metro-station-impact>