



House Bill 559

Transportation - Highway User Revenues Capital Grants - Calculation

MACo Position: **SUPPORT**

To: Appropriations and Environment and
Transportation Committees

Date: February 10, 2026

From: Kevin Kinnally & Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS** HB 559, which would prevent a nearly \$100 million reduction in local transportation funding scheduled to take effect in fiscal 2028 in the absence of this bill's enactment. Without this bill, Highway User Revenues for counties, Baltimore City, and municipalities would drop sharply in a single year, resetting local transportation funding at a permanently lower baseline.

HB 559 does not create a new program, expand local authority, or increase State transportation spending. It also does not create any new stresses on the State general fund. It prevents a funding cliff that would force counties to increase reliance on property taxes for basic road maintenance and safety projects, widening the gap between transportation responsibilities and transportation revenues.

Local governments maintain more than 80% of Maryland's road miles. Counties and municipalities rely on Highway User Revenues to fund resurfacing, bridge repairs, traffic safety improvements, and day-to-day maintenance of local road networks. This bill prevents a sudden reversal in funding that would undermine those core functions.

Absent this bill, the scheduled drop in fiscal 2028 would reduce local transportation funding by nearly \$100 million in a single year. That reduction would not eliminate local responsibilities; it would - with potentially disastrous consequences - shift costs onto county general funds and property tax revenues or delay essential infrastructure work.

The bill preserves stability in the state-local transportation partnership by maintaining the existing Highway User Revenues distribution structure. It avoids resetting local transportation funding to a lower baseline, which would make future alignment between state transportation revenues and local system responsibilities more difficult.

For decades, Highway User Revenues served as the primary state-local partnership for maintaining Maryland's local road system, until deep cuts during the Great Recession sharply reduced local shares with assurances that those reductions would be temporary. **After years of statutory reductions, partial restorations, and temporary fixes to the funding formula, HB 559 prevents another abrupt policy reversal that would sharply reduce local transportation funding in fiscal 2028 and beyond.**

For counties, this bill represents a necessary step to avoid disruption, protect local infrastructure investment, and maintain predictability in transportation planning. Accordingly, MACo urges the Committee to issue a **FAVORABLE** report on HB 559.