



Wes Moore
Governor
Aruna Miller
Lieutenant Governor
Kathryn Thomson
Acting Secretary

February 10, 2026

The Honorable Ben Barnes
Chair, Appropriations Committee
121 Taylor House Office Building
Annapolis, MD 21401

RE: Letter of Information – House Bill 559 – Transportation – Highway User Revenues Capital Grants – Calculation

Dear Chair Barnes and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on House Bill 559 and offers the following information for the Committee's consideration.

The State shares certain transportation revenues, commonly referred to as highway user revenues (HUR), between MDOT, counties, and municipalities. The HUR law establishes which transportation revenues are shared between MDOT and local jurisdictions and how much is distributed to each. Shared transportation revenues include a portion of revenues from the motor fuel tax, vehicle titling tax, vehicle registration fees, corporate income tax, and short-term rental vehicle tax. In FY 2026 and 2027, 20% of HUR revenues are distributed to local jurisdictions and 80% is retained by MDOT for statewide transportation needs. Current law reduces the local share of funding to 15.6% beginning in FY 2028.

HB 559 would eliminate this planned reduction and instead maintain the local share of funding at 20% in FY 2028 and thereafter. This results in a corresponding decrease in MDOT's share of funding from 84.4% to 80% in FY 2028 and thereafter. This reduces funding available to MDOT's capital program by approximately \$100 million annually thereafter, on average.

The current CTP makes significant investments in projects like Baltimore's Light Rail Modernization Program, US 15, I-81, Dundalk Berths 11 through 13, MD 97 in Montgomery Hills, MD 5 in St. Mary's County, and I-97 in Anne Arundel County. Redirecting existing dollars from the State program means the State will be unable to leverage available federal funding and secure proper debt service coverage to make the significant investments currently programed in the out-years of the FY 2026 to 2031 Final Consolidated Transportation Program. Additionally, this shift will impact MDOT's ability to identify funding to advance future transportation initiatives and infrastructure improvements.

The Maryland Department of Transportation respectfully requests the committee consider this information during its deliberation of House Bill 559.

Respectfully submitted,

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Director of Government Affairs
Maryland Department of Transportation
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