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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

March 4, 2026

The Honorable Guy Guzzone, Chair
Budget and Taxation Committee
Maryland State Senate
Annapolis, Maryland

Re: SB0674 - Transportation - Regional Transportation Authorities
Position: Favorable

Dear Chair Guzzone and Members of the Committee:

I respectfully submit this testimony in support of Senate Bill 674, legislation that promotes public benefit by addressing a critical need for funding associated with regional and local transportation projects across all travel modes.

Maryland's transportation infrastructure connects our workers to jobs, our children to schools, and our residents to essential services. However, traditional methods of funding vital assets are no longer sufficient to meet the needs of a growing, modern Maryland. TRIP (A National Transportation Research Non-Profit) found in a 2025 report that "49% of Maryland's major roads are in poor or mediocre condition. Driving on deteriorated roads costs Maryland motorists \$3.7 billion a year – \$843 per driver – in the form of additional repairs, accelerated vehicle depreciation, and increased fuel consumption and tire wear."

The Maryland Transportation Trust Fund relies too heavily on gasoline tax revenue, which continues to shrink as cars become more fuel-efficient and EV sales rise. Without diversifying revenue streams via the regional surcharges proposed in SB674, the State will be forced to indefinitely defer "expansion" projects, leaving Maryland with a stagnant "fix-it-only" network.

Maryland will face long-term challenges in securing transportation funding. This bill establishes a framework for regional transportation authorities in the Baltimore, Capital, and Southern Maryland regions that are empowered to take a more active role in funding and prioritize the projects that best meet their communities' needs.

SB674 intends to establish new governance boards, reflected in the three new regional authorities, and provide a new source of revenue that could fund regional transportation project priorities once they are vetted and ranked by regional planners. These transportation authorities in the Baltimore, Capital, and Southern Maryland regions will compose of an Executive Director, appointed local leaders, including

county executives, members of the General Assembly, and elected officials from municipalities. This ensures broad and varied representation during the decision-making process, which will promote regional choice and the inclusion of a variety of voices.

The bill imposes a 0.5% sales tax surcharge on a specified retail sale, use, or taxable service in each region, a 1.0% hotel surcharge on the sale of a right to occupy a room or lodgings as a transient guest in each region, and a 0.15% transfer tax surcharge on deeds. It is important to note that these funds will be supplemental and cannot be used to replace existing state transportation appropriations. SB674 will also require the three authorities to conduct 4-year evaluations, 6-month progress updates, and annual reports starting January 1, 2027, so that performance metrics are tracked and visible.

Additionally, the legislation employs a more transparent “user-benefit” model that has shown to work in Northern Virginia. It supplements funding for only those within the designated regions, and the revenue generated from tax surcharges stays within those boundaries and is reinvested directly into local transit, road, and pedestrian projects. For instance, if a resident in Prince George's County pays the 0.5% sales tax surcharge, 70% of that revenue is constitutionally and statutorily bound to projects within the Capital Region. The "user" (the resident) sees the "benefit" (improved regional transit or roads). The remaining 30% goes directly to counties and municipalities.

This bill does not duplicate the planning functions of existing local, state, or regional Metropolitan Planning Organizations (MPOs). It does not ban or restrict any existing state or local transportation funding practices, nor does it eliminate current tolling structures or grant-writing activities. The bill is a “user-benefit” model, not a general fund revenue grab. There will be no “double-taxation” as the gas tax is currently lagging behind funding needs. The diversified revenue streams will create more than \$500 million in supplemental revenue, alleviating pressure on the Transportation Trust Fund (TTF).

SB674 produces a new pot of money that will go to pressing transportation priorities once they are vetted and ranked by regional planners. Ensuring aging infrastructure is kept up to date is important to public safety since updated and efficient infrastructure reduces congestion, protects pedestrians and cyclists, and promotes multi-modal transport. Easing congestion saves Marylanders time and gas money. By taking action sooner rather than later, our states' transit capabilities will be modernized by accountable, community-driven perspectives.

For these reasons, I request a favorable report on Senate Bill 674.

With Regards,



Alonzo T. Washington

Maryland State Senate

District 22