



## **Testimony of the Mayor and Council of Rockville HB 1142 – Task Force to Modernize County and Municipal Revenue Structures SUPPORT**

The Mayor and Council of Rockville are thankful to Chair Guzzone and members of the Senate Budget and Taxation Committee for the opportunity to provide support for HB 1142. We are thankful to Chair Wilkins for sponsoring this critically important legislation, which supports local government fiscal sustainability.

The Mayor and Council strongly support HB 1142, MML’s priority legislation, which would establish a Task Force to Modernize County and Municipal Revenue Structures. This legislation is long overdue and necessary for the stability and resilience of Maryland’s municipalities and counties.

The City of Rockville, like many of the 157 cities and towns across Maryland, is operating under a revenue framework that has not been substantially modernized in nearly 60 years. Currently, property taxes account for approximately 44% of our general fund. This heavy reliance on a single revenue source is no longer sustainable in a modern economy.

Across Maryland, local budgets are facing mounting pressures, including:

- Rising personnel and benefit costs, particularly healthcare and pension obligations.
- Increasing debt service tied to infrastructure investments.
- State and Federal regulatory mandates that carry financial impact. In Rockville, the City’s Municipal Separate Storm Sewer System permit requirement, Federal Public Rights of Way Accessibility requirements for sidewalks/curbs, police reform and accountability requirements, and Building Energy Performance Standards are contributing to rising program costs.
- Aging infrastructure requiring rehabilitation or replacement. In Rockville, this is particularly relevant for the City’s pedestrian bridges.
- Reduced availability of federal grants.
- Escalating construction costs driven by inflation and supply chain volatility.

HB 1142 is a significant step forward in establishing the “blue-ribbon” task force to study a diversified revenue structure, which makes local governments more resilient to economic shifts, ensuring that municipal services remain stable even when the housing market fluctuates. While property taxes provide stability, overreliance on a single revenue source creates structural vulnerability. Examining best practices from other states and assessing how revenue authority can evolve thoughtfully is a prudent and forward-looking approach. For these reasons, we urge the Committee to provide HB 1142 with a favorable report.