



Testimony in Support of  
Senate Bill 288 - Transportation - Highway User Revenues Capital Grants - Calculation  
Budget and Taxation Committee  
February 3, 2026

The Rural Maryland Council supports **Senate Bill 288 – Transportation – Highway User Revenue – Capital Grants**. This bill alters the amount of certain capital grants calculated based on highway user revenues that are required to be appropriated to Baltimore City, counties, and municipalities by increasing the share allocated to counties while maintaining existing distributions for Baltimore City and municipalities. Beginning in fiscal year 2027, the bill raises the counties' share of capital grants from the Gasoline and Motor Vehicle Revenue Account to 15.2%, while Baltimore City continues to receive 12.2% and municipalities continue to receive 3.0%. The Rural Maryland Council supports efforts to strengthen Highway User Revenue funding to ensure adequate transportation infrastructure throughout the State.

Highway User Revenues are derived from gas taxes, vehicle registration fees, and other motor vehicle-related revenues and are dedicated to supporting local roadways and bridges in Maryland. Historically, these revenues played a critical role in helping local governments maintain transportation infrastructure. However, significant reductions have continued to affect the ability of counties and municipalities, particularly in rural areas, to adequately fund road repair, maintenance, and transportation services. While funding levels have gradually increased, they remain below historical levels and continue to strain local budgets.

For more than 40 years, Maryland operated under a 70/30 Highway User Revenue split, with 70% dedicated to state roads and 30% shared with local governments. That longstanding formula was drastically reduced during the Great Recession and has never been fully restored. Despite temporary funding increases, the local share remains well below historic levels, recently hovering around 20% and projected to fall to approximately 15.6% due to an impending funding cliff. According to previous committee testimony on Highway User Revenue, local governments maintain more than 80% of Maryland's roadways but receive less than one-fifth of transportation revenues, contributing to a cumulative shortfall of over \$4.5 billion to counties since FY 2007.

Drivers generate revenue for local road projects through gas taxes and vehicle-related fees, and SB 288 helps ensure that a greater portion of these funds is directed back to local governments to address infrastructure needs in their communities. By increasing the share allocated to counties, this legislation provides additional resources to support safer, more reliable transportation networks across Maryland.

The Rural Maryland Council respectfully requests your favorable support of Senate Bill 288.