



Senate Bill 674

Transportation - Regional Transportation Authorities

MACo Position: **LETTER OF
INFORMATION**

To: Budget and Taxation and
Finance Committees

Date: March 4, 2026

From: Kevin Kinnally

The Maryland Association of Counties (MACo) takes no position on SB 674 but urges the Committee to consider significant policy and fiscal implications for county governments.

Counties recognize that a balanced transportation system includes both strong local road networks and reliable transit options. Local roads connect residents to jobs, schools, and services, while transit supports workforce mobility and regional economic growth. State transportation policy must sustain both.

SB 674 establishes three Regional Transportation Authorities and authorizes new regional tax surcharges dedicated to transportation purposes. The bill directs a majority share of the revenue to newly created regional transportation funds, with the remaining portion distributed to counties and municipalities within each region for transportation use. The regional entities may issue bonds backed by these revenues and must allocate a portion of funding to transit projects.

Local governments own and maintain more than 80% of Maryland's roadways. Unlike the State, counties lack independent authority to levy broad-based transportation revenues and depend largely on Highway User Revenues (HUR) and local property and income taxes to maintain roads, bridges, and related infrastructure.

Any discussion of new transportation revenue mechanisms must begin with the State's long-standing obligation to restore sustainable HUR funding. Counties already operate far below pre-recession HUR levels, and a scheduled drop in fiscal 2028 would reduce HUR funding by nearly \$100 million in a single year. That reduction compounds years of underinvestment in local roads and infrastructure.

The bill creates new regional revenue streams and governance structures while local road systems remain chronically underfunded. Although the bill states that regional funds are supplemental and not intended to replace existing appropriations, counties must evaluate the practical effect on future State transportation allocations. Without clear statutory guardrails or restoration of HUR, new regional funding structures could further complicate Maryland's transportation funding framework.

The bill also centralizes significant authority in regional entities, including bonding authority, project prioritization, and fund allocation. While collaboration across jurisdictions remains important, counties must retain meaningful influence over revenue allocation and project selection within their regions. Governance, accountability, and long-term fiscal sustainability require careful review.

MACo urges the Committee to carefully evaluate how SB 674 interacts with existing commitments and long-standing local transportation needs. Any new regional structure should complement — not supplant — sustainable funding for both transit systems and the local road network that residents rely on every day.