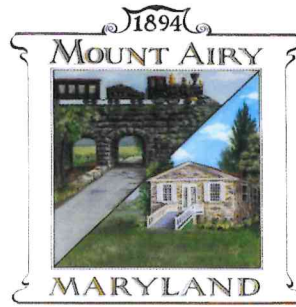


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**SER 65**  
**February 20, 2026**

**TOWN OF MOUNT AIRY**  
**110 South Main Street - P.O. Box 50**  
**Mount Airy, Maryland 21771**

**From: Mayor Larry Hushour**  
**To: Chairman, House Ways and Means Committee**

**Subj: WRITTEN TESTIMONY IN REGARD TO HB 1142 – Task Force to Modernize  
County and Municipal Revenue Structures**

Chairman, Members of the Committee,

Thank you for the opportunity to testify as Mayor of the Town of Mount Airy. We are proud to express our strong support for HB 1142 and deeply appreciate the Maryland Municipal League's leadership in advancing this critical piece of priority legislation.

#### The 60-Year Stagnation

Maryland's municipal revenue structure has remained largely unchanged for decades, while the responsibilities of local governments have continued to grow. In Mount Airy, our General Fund supports police services, public works, parks maintenance and upgrades, planning and zoning, and daily administrative operations. These are the core services our residents rely upon, and the cost of providing them continues to increase due to inflation, personnel costs, equipment replacement, and infrastructure needs.

Despite these rising responsibilities, municipalities are still operating under a revenue structure built generations ago.

#### Property Tax Burden

Mount Airy relies heavily on property taxes to fund our General Fund operations. In our adopted FY26 budget, we plan to draw approximately \$961,682 from General Fund reserves to cover operating and capital needs. While reserves are meant to provide stability, annual draws of this size are not sustainable.

We are currently preparing our FY27 budget, and the structural pressures remain. Without new revenue tools, municipalities like ours are left with limited options: reduce services or increase property taxes. At a time when residents are already facing high housing costs and broader economic pressures across Maryland, we are working hard to avoid raising our property tax rate.

### Limited Growth in the Tax Base

Over the past decade, Mount Airy has experienced limited large-scale new development. While that has preserved community character, it has also limited a meaningful expansion of our tax base. As development slowed and revenue growth leveled off, we have increasingly relied on reserves to balance our General Fund.

Meanwhile, service demands have not declined. Our parks system, funded through the General Fund, requires ongoing maintenance, equipment replacement, and facility upgrades to remain safe and accessible. Public safety and public works costs continue to rise. Without revenue diversification, the gap between revenue growth and service obligations continues to widen.

### Capturing the “Visitor Economy”

Mount Airy serves not only residents, but also visitors and regional users who benefit from our roads, parks, public spaces, and police services. However, municipalities have limited tools to capture revenue generated from that broader economic activity. As a result, the cost of maintaining these services falls primarily on property taxpayers, even though the user base extends beyond town residents.

Modernizing municipal revenue options would allow towns to better align revenue with the services they provide.


### Need for Local Flexibility

HB 1142 does not impose new taxes. It creates a Task Force to study whether Maryland’s municipal revenue structure reflects the realities of modern local government and whether additional tools should be available.

For towns like Mount Airy, even modest additional revenue options dedicated to General Fund operations and capital needs would help stabilize reserves and maintain service levels without increasing property taxes.

Mount Airy has already committed nearly \$1 million in General Fund reserves in FY26 to maintain core services and meet capital obligations. That level of reserve use reflects a trend that began as development slowed and revenue growth leveled off. We have worked diligently to control spending and avoid raising property taxes, but without modern revenue tools, our only remaining options will eventually be drawing down reserves further or increasing taxes on our residents. HB 1142 is urgent because it gives municipalities like Mount Airy the opportunity to break that cycle before property tax increases become unavoidable.

Thank you for your consideration and for supporting municipal fiscal sustainability.

  
Larry Hushour  
Mayor