



BILL NO.: House Bill 23
TITLE: Dedicated State Funds Protection Act
POSITION: **SUPPORT**
DATE: January 31, 2012
COMMITTEE: Appropriations
CONTACT: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** HB 23. This bill would constitutionally require funds that are dedicated for specific purposes to be used for that purpose and prohibits the transfer of these funds to the General Fund. In addition, the bill would restore the distribution of Highway User Revenue (HUR) from the Gasoline and Motor Vehicle Revenue Account to the historical 30% share to local jurisdictions.

In recent years, the state's General Fund has faced significant shortfalls. To address these challenges, it has become common practice to transfer revenue from specially funded programs to the General Fund. HB 23 would curb these fund transfers and assure that revenues generated are used for the specific purpose for which they were intended.

A wide range of dedicated funds have been so diverted, but none more than the set-aside share of motor fuel taxes and vehicle registrations to be distributed as Highway User Revenue (HUR) to local governments. With the proposed shift of another year's funding away from local governments, the cumulative effect of these diversions now totals some \$1.4 billion.

With respect to HUR, HB 23 would restore the State and local distribution back to the level in effect prior to recent state budget resolution measures. Previously, the statutory distribution was 70% state and 30% local. Recent budget decisions have changed this distribution to approximately 90% state and 10% local, with nearly every county receiving only pennies on the dollar of its previous share. HB 23 would reinstate the 30% local share, and ensure that future diversions of these local funds may not be effected.

HB 23 will provide assurances to taxpayers that revenues are being used for their dedicated purpose, restore local government's share of HUR to its traditional level of 30%, and express the State's commitment to funding local roadways. For these reasons, MACo urges the Committee to give HB 23 a **FAVORABLE** report.