



BILL NO.: House Bill 146
TITLE: Transportation Trust Fund Protection Act
POSITION: **SUPPORT**
DATE: February 7, 2012
COMMITTEE: Appropriations
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The Maryland Association of Counties (MACo) **SUPPORTS** HB 146. This bill would constitutionally prohibit the transfer of revenue from the Transportation Trust Fund to the State General Fund, requiring these revenues to be used for their intended purpose, transportation. It also protects the local share of Highway User Revenues (HUR) by requiring that funds in the Gasoline and Motor Vehicle Revenue Account be distributed based on the formula in effect on October 1, 2008 whereby local governments received 30% of the funds and the Maryland Department of Transportation (MDOT) received 70%.

The Transportation Trust Fund (TTF) is composed largely of tax and fee revenues that Maryland's citizens pay on their vehicles and fuel. In return for paying these taxes and fees, citizens have an expectation of good roadways to take them to and from work and their children to and from school. This expectation has been undermined in recent years as the Transportation Trust Fund has been routinely targeted as a source of funding to balance the State's budget. In the last three years, the State has re-directed over \$1 billion from local (HUR) to state purposes, with more than \$350 million being similarly taken for FY 2013. Drastic local cutbacks have been required to accommodate these funding reductions. Essentially all new projects have been eliminated or delayed, and even essential preventive maintenance and surface treatment of roadways has been significantly reduced, jeopardizing Maryland's transportation infrastructure.

Since 1984, \$571.1 million has been transferred from MDOT to the State's General Fund. Whereas, the State has essentially repaid the funds taken from MDOT, it still has placed pressures on new construction and highway maintenance. HB 146 would protect against these transfers by prohibiting transfers to the General Fund.

In addition to the "lock box" to retain funds in the TTF, HB 146 would protect the local share of HUR. Maryland's longstanding and wise policy has long been to provide HUR as the primary source of revenue for local road maintenance budgets, including snow removal, patching and chip sealing, signage and pavement stripping, and drainage work. For smaller jurisdictions, HUR funds all roadway maintenance and capital expenditures.

This policy took a drastic turn in FY 2010 when the Board of Public Works reduced HUR by 90% for nearly all jurisdictions, compounding already deep cuts enacted by the General Assembly for that year. Although Baltimore City's percentage reduction in funding was not as large, its reduction per capita was 50% larger than the average per capita reduction of all other jurisdictions. During the 2010 General Assembly, these reductions were made permanent with no local offset and the funding distribution was changed to reduce local government's share from 30% to 8.5%, with the General Fund receiving 23% of HUR. During the 2011 Session, adjustments were again made to the HUR distribution, but this time action was taken to transfer HUR revenues from the General Fund back to the TTF and transfer the portion of two revenue sources, the sales tax and corporate income tax, being placed in the TTF back to the General Fund. At the same time, the percentage distribution of HUR was changed to approximately 10% for local governments with MDOT retaining approximately 90%.

HB 146 will restore local government's share to its traditional level of 30%, and provide assurances to taxpayers and local governments that the State's commitment to roadways is secure. For these reasons, MACo urges the Committee to give HB 146 a **FAVORABLE** report.