



-BILL NO.: House Bill 695
TITLE: Dedicated Funds – Prohibition of Transfer
POSITION: **SUPPORT WITH AMENDMENTS**
DATE: February 21, 2012
COMMITTEE: Appropriations
CONTACT: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS HB 695 WITH AMENDMENTS**. This bill would constitutionally require funds that are dedicated for specific purposes to be used for that purpose and prohibit the transfer of these funds to the General Fund.

Due to the overall fiscal climate, the General Fund has been facing significant budget deficits. To address these challenges, it has become common practice to transfer revenue from specially funded programs to the General Fund. These revenues may have been dedicated to the Bay Restoration Fund to upgrade septic systems, to the Gasoline and Motor Vehicle Revenue Account to be distributed as Highway User Revenue (HUR) to local governments, or to any number of other special fund programs. HB 695 would curb these fund transfers and assure that revenues generated are used for the specific purpose for which they were intended.

With respect to HUR, although the bill establishes a mechanism to retain funds in the Transportation Trust Fund, the bill as introduced does not guarantee that local governments would maintain their share of HUR. Therefore, MACo suggests that the bill be amended to include the language listed below to protect local government's share and restore it to the level that was in effect prior to the significant reductions in FY 2010.

FUNDS IN THE GASOLINE AND MOTOR VEHICLE REVENUE ACCOUNT IN THE TRANSPORTATION TRUST FUND SHALL BE DISTRIBUTED AS PROVIDED IN §§ 8-402, 8-403, 8-404, AND 8-405 OF THE TRANSPORTATION ARTICLE AS THEY WERE IN EFFECT ON OCTOBER 1, 2008.

HB 695 as amended 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 695 a **FAVORABLE** report **WITH AMENDMENTS**.