



BILL NO: Senate Bill 440

TITLE: Highway User Revenue Distribution

POSITION: **SUPPORT**

DATE: March 9, 2012

COMMITTEE: Budget and Taxation

CONTACT: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** Senate Bill 440. This bill would phase-in the restoration of the 30% share of Highway User Revenues to local jurisdictions in five percent increments beginning in FY 2014.

Maryland's counties have a direct impact on the transportation system of our state, yet they are faced with many challenges in helping to oversee and maintain this system. Whereas, some jurisdictions may fund transportation through a combination of State and local sources, and others rely solely on State funding, HUR has been a significant component used to fund and maintain this system. Local governments are responsible for more than 80% of Maryland's road miles, but recent actions to HUR have significantly reduced the funding to maintain roadways and fund operations.

Maryland's long-standing and wise policy has always been to provide HUR as the primary source of revenue for local roads maintenance budgets, including snow removal, patching and chip sealing, signage and pavement stripping, and drainage work. For smaller jurisdictions, HUR funds all of 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%.

SB 440 seeks to incrementally restore the HUR distribution back to the historic 70% State/30% local share in support of the recommendation of the Blue Ribbon Commission on Maryland Transportation Funding to restore this allocation to local jurisdictions. MACo fully supports this recommendation and urges the Committee to give SB 440 a **FAVORABLE REPORT**.