



## Senate Bill 586

### *Local Infrastructure Fast Track for Maryland Act*

MACo Position: **SUPPORT**

To: Budget & Taxation Committee

Date: March 7, 2017

From: Barbara Zektick

The Maryland Association of Counties (MACo) **SUPPORTS** SB 586. This bill is a priority initiative of Maryland's 24 county jurisdictions. It emphasizes local infrastructure, and capitalizes on the substantial bipartisan momentum to address much-needed attention to our roads, bridges, and multiple segments of Maryland's critical infrastructure.

The bill phases in restoration of highway user revenues over seven years, holds municipalities harmless by ensuring they receive as much in highway user revenues as they received this current fiscal year, and ensures that the State retains full authority to audit highway user revenue recipients for compliance with applicable law. It also requests a study from the Department of Budget and Management on the Status of Local Infrastructure in Maryland. The study would examine information on the state of repair and funding sources for infrastructure modes, including water delivery systems, wastewater treatment and retrieval systems, 9-1-1 emergency number response systems, public radio systems, high-speed broadband access, bridges and other transportation arteries, evacuation resources, and school facility maintenance needs.

Maryland's 23 counties and Baltimore City identified reinvestment in local roads, bridges, and infrastructure as one of their top legislative initiatives this Session. All 24 jurisdictions – of varying sizes, budgets, and regions – are united in the need for a Local Infrastructure Fast Track for Maryland (LIFT 4 MD). In fact, local elected officials, official county social media outlets, industry leaders, and concerned constituents have taken to Twitter with the hashtag #LIFT4MD to show support for infrastructure investment. This social media movement generated more than half a million impressions. Bipartisan support for more funding for local infrastructure comes from all corners of the state - urban and rural jurisdictions, and counties from small to large.

Local infrastructure requires reliable investment to keep Maryland moving. Recession-driven cost shifts have left local roadways lacking proper maintenance, bridges in dire need, and other public infrastructure neglected. Re-investing in infrastructure – a call heard at every level of government – is good for Maryland jobs, business attractiveness, and quality of life across the state.

*The highway user revenue phase-in included in this bill – the “fast track” portion - will supply desperately needed revenue to repair and maintain local roads and bridges.*

The State and local governments have shared responsibilities for roads and bridges and the revenues generated from them since at least 1904. The State created the highway user revenue formula in 1968, and for more than forty years afterward, local governments had received at least 30 percent of

transportation revenues – mostly motor fuel tax and vehicle registration fees - to fund their roads and bridges. **The Great Recession forced cuts to this area deeper than those in any other component of the state budget.** 23 counties' share of funds plummeted from \$282 million in 2007 to only \$27 million today. Baltimore City alone now receives \$85 million less each year than before the cuts.

*The cumulative loss of local roadway investment since Fiscal 2010 is nearly \$3 billion.*

It is unquestionable that local governments maintain the lion's share of the state's roads and bridges. Unlike most other states, in Maryland, local governments own and maintain 83% of the roads. Every resident depends on local roadways. In addition, approximately 45% of bridges in our state are owned by local governments, including nearly 70% of the 359 "structurally deficient" bridges as identified by the Maryland Section of the American Society of Civil Engineers in their most recently released Infrastructure Report Card. Without restoration of the traditional share of highway user revenues to local governments, counties and municipalities will have minimal means to address this backlog, or prevent it from growing worse.

MACo is sensitive to concerns about whether counties have spent highway user revenues in the past in accordance with applicable law. As such, MACo supports the provisions of this bill which ensure that the Office of Legislative Audits has full capability to audit the books of local governments to ensure that they spend highway user revenues in accordance with the applicable requirements laid out in the Transportation Article. In addition, it ensures that allocations will be withheld if misappropriations are identified.

Highway user revenues fund roads and bridges throughout our entire state, through an equitable, time-tested formula based on road mileage and vehicle registrations. This touches the roads our kids ride to school, the roads our first responders travel to keep us safe, and the roads where we all live. SB 586 begins to bring transportation dollars back to 83% of the roads and bridges in Maryland, and brings transportation dollars back to everyone's home. SB 586 offers a path to restore these desperately needed funds.

MACo also strongly supports efforts to study the State of Local Infrastructure in Maryland. Local governments are responsible for a number of infrastructure modes in addition to roads and bridges which require reliable investment moving forward. Maryland local jurisdictions oversee 469 community water systems that serve from 25 to 1.8 million customers each – and some of the largest water systems may experience hundreds of water main breaks a day.

Additionally, counties are eager to update their 9-1-1 call centers via "Next Generation 9-1-1" so that they can process voice, text and video calls from any communications device via Internet Protocol-based networks. Yet, this transition requires significant funding to upgrade existing equipment and communications systems, which are already underfunded through existing user fees. Meanwhile, parts of the state still lack reliable broadband access, and various public-private partnership models could potentially address concerns about access in underserved areas if explored and incentivized correctly.

Moreover, the Board of Public Works and General Assembly continue to express trepidation over the state of school maintenance year after year, and an inventory into the state of affairs could shed light on how to address these shared costs moving forward. Inventorying all of these issues objectively at a high level would allow for insight into how to prioritize a wide range of important needs for infrastructure investment moving forward.

Accordingly, MACo requests the Committee give SB 586 a **FAVORABLE** recommendation.