



Senate Bill 664

Transportation – Motor Fuel Tax and Highway User Revenue – Increased Local Share

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: February 19, 2014

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** SB 664. This bill would incrementally restore local governments to a 20% share of Highway User Revenues (HUR) over a three-year time frame beginning in FY 2016. Local governments would continue to share in the base motor fuel tax, with its annual rate adjustments, but would not receive any share of the newly created sales tax applied last year.

“Transportation Funding Restoration” is MACo’s top initiative for the 2014 General Assembly session. With the recent expansion of transportation revenues, MACo feels strongly that it is now time for local governments to again play a more significant role in the State’s transportation funding plan.

For decades, local roadways were funded as one of the modes of transportation receiving 30% of HUR. This percentage has been reduced to 9.6%. The average annual reduction since fiscal 2010 is \$350 million. Cumulatively, this equates to approximately \$1.75 billion in foregone revenue for local roadways.

For county governments, this has meant a remarkable cutback since FY 2009. The 23 county governments now share a meager \$26.2 million in annual State funding for their entire road and bridge network. Simply put, no other component of the State budget has suffered a 91% cut like this. Although Baltimore City’s percentage reduction was not as large, the reduction per capita funding is greater than that felt by any other jurisdiction.

In response, counties across the state increased taxes, instituted layoffs and furloughs, eliminated employee adjustments and increments, enacted across-the-board cuts, and dipped into rainy day and reserve funds — all required to offset the State funding reductions in addition to their own revenue declines related to the economy.

With respect to local roadways, counties have done the following:

- Reduced preventative maintenance and surface treatment of roadways such as asphalt overlays and slurry seal - smaller jurisdictions are experiencing major reductions or have eliminated repairs and maintenance altogether;
- Delayed or eliminated construction projects completely;
- Significantly reduced street tree maintenance and street light repairs;
- Reduced stormwater and waterway maintenance;
- Eliminated or significantly reduced mowing, tree trimming, street sweeping, and leaf collection;
- Reduced guardrail replacements to the point where no new guardrails are being installed, and existing guardrails are only being repaired or replaced in the most damaged areas; and,
- Reduced personnel and/or restructured road crews' numbers.

A former Commission recommended an incremental restoration of HUR back to the original shared distribution. A more recent Task Force recommended that "continued consideration be given to identifying a reasonable incremental strategy to provide local jurisdictions with an increase in the basic level of HUR. SB 664 offers an approach to carry out these recommendations.

SB 664 would reasonably restore local HUR over a three-year time frame beginning in FY 2016. There is no effect on the State general fund and no immediate effect on the Transportation Trust Fund (TTF) and it offers only a partial restoration to a 20% share of HUR, not the full 30%. This approach recognizes the recent commitments to State transportation projects and the State's ongoing transportation needs.

MACo believes this is a reasonable approach to restoring locally-funded roadways, and therefore, urges the Committee to give SB 664 a **FAVORABLE** report.