



Senate Bill 765

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

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: March 5, 2014

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** Senate Bill 765. This bill would restore local governments to a 30% share of Highway User Revenue (HUR) beginning in FY 2015. Local governments would also share in the base motor fuel tax, with its annual rate adjustments and 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. While SB 765 does not offer an incremental restoration, it does recognize the importance of local roadways by again including them as a substantial component of the State's overall transportation plan.

MACo has long supported a broad-based and equitable system of transportation funding and believes the historic distribution of HUR accomplished this goal. Therefore, MACo **SUPPORTS** SB 765 and urges the Committee to give the bill a **FAVORABLE** report.