MARYLAND Association of COUNTIES

Senate Bill 223

Transportation - Highway User Revenues - Allocation

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: January 31, 2018

From: Barbara Zektick

The Maryland Association of Counties (MACo) **SUPPORTS** SB 223**.** This bill addresses a priority initiative of Maryland's 24 county jurisdictions. It gradually phases in full restoration of highway user revenues over seven years, to levels that existed for multiple decades until local transportation funds were permanently raided in 2010.

However, the gradual phase-in is only triggered if Transportation Trust Fund revenues exceed the most recent relevant Board of Revenue Estimates forecast. Additionally, MACo supports the sponsor's amendment. The amendment provides for an amount equal to half of any funds received by the State through a new federal infrastructure investment initiative to be distributed to local governments according to the traditional highway user revenue distribution formula.

Maryland's 23 counties and Baltimore City identified reinvestment in local roads, bridges, and infrastructure as one of their top legislative initiatives this Session. 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.

Highway user revenue restoration will supply desperately needed revenue to repair and maintain local roads and bridges.

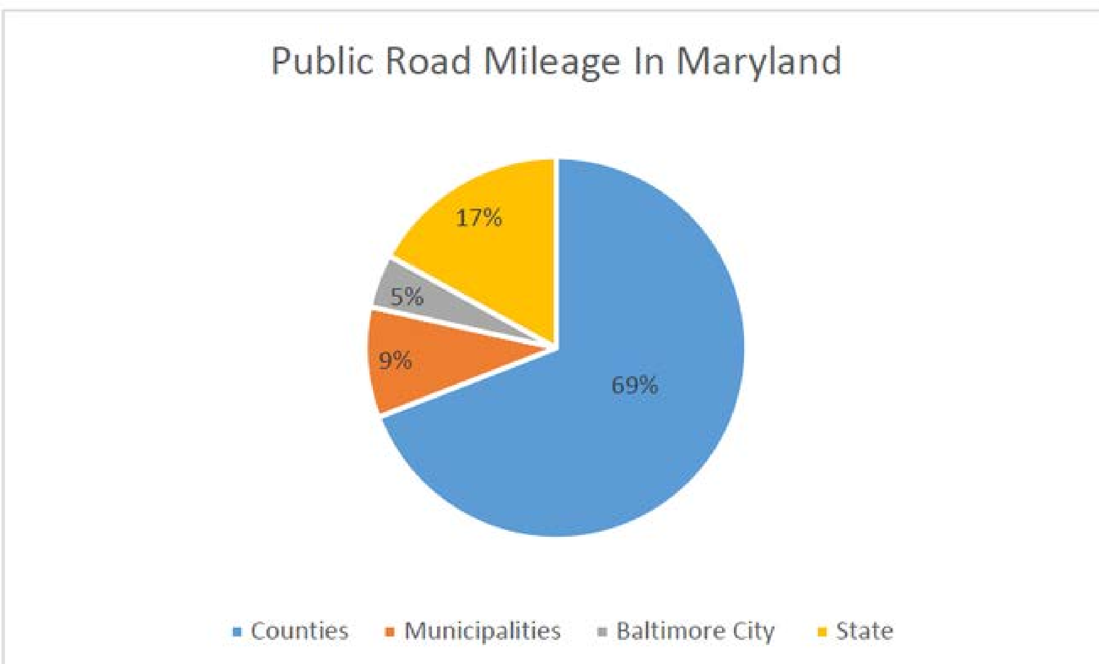
The State and local governments have shared responsibilities for roads and bridges and the revenues generated from them since at least 1904. The State created the highway user revenue formula in 1968, and for more than forty years afterward, local governments had received at least 30 percent of transportation 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.** Twenty-three counties' share of funds plummeted from $282 million in 2007 to only $35 million today: an 86 percent decimation. Baltimore City alone now receives $47 million less each year than before the cuts.

The cumulative loss of local roadway investment since Fiscal 2010 is over $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.

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 154 begins to bring back transportation dollars to 83% of the roads and bridges in Maryland, and brings back transportation dollars to everyone's home. This bill offers a path to restore these desperately needed funds.



Accordingly, MACo requests the Committee give SB 223 a **FAVORABLE** recommendation.