

Local Share of Highway User Revenues

Provision in the Bill: Reduces the local share of highway user revenues by \$159,502,391 in fiscal 2010, \$238,336,990 in fiscal 2011, and \$340,255,990 in fiscal 2012. These funds are transferred to the general fund. The counties and municipalities share equally in the proposed reductions to highway user revenues. If revenues exceed \$140,509,010 for local jurisdictions, Baltimore City will receive 11.5% of the excess revenues and the counties and municipalities receive 88.5% to be distributed as provided in statute.

Agency: Maryland Department of Transportation

Type of Action: Fund transfer; special fund mandate relief

Fiscal Impact:	(\$ in millions)					
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
GF Rev	\$159.5	\$238.3	\$340.3	\$0	0	0
SF Exp	0	(238.3)	(340.3)	0	0	0

State Effect: General fund revenues increase by \$159.5 million in fiscal 2010, \$238.3 million in fiscal 2011, and \$340.3 million in fiscal 2012 due to the transfer of highway user revenues to the general fund. Special fund expenditures decrease by corresponding amounts in fiscal 2011 and 2012. The proposed fiscal 2011 State budget includes a \$238.3 million special fund reduction contingent on the enactment of legislation reducing local highway user revenues. The Board of Public Works already reduced the fiscal 2010 grants by \$159.5 million.

Local Effect: State aid for local transportation-related costs decreases by \$159.5 million in fiscal 2010, \$238.3 million in fiscal 2011, and \$340.3 million in fiscal 2012. The fiscal 2011 reduction is shown by county in Appendix C.

Program Description: Baltimore City, counties, and municipalities receive a portion of specified transportation revenues to support the construction and maintenance of local roads and other transportation facilities. Until fiscal 2010, local governments generally received 30% of the revenues, with the allocation determined by the statutory funding formula.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) reduced the fiscal 2010 level of funding provided through the highway user revenues formula from 30% to 23.5% (equal to a \$101.9 million reduction) and then reduced the resulting amount by another \$60.0 million based on local wealth and local income tax effort. Chapter 487 required the revenues to be transferred to the general fund. The

\$161.9 million reduction decreased the total local share of highway user revenues to an estimated \$308.5 million for fiscal 2010: \$166.4 million for Baltimore City; \$105.7 million for the counties; and \$36.4 million for municipalities. The Board of Public Works then further reduced fiscal 2010 local highway user revenues by \$159.5 million. In addition to proposing fiscal 2011 and 2012 reductions to local highway user revenues, this provision codifies the further reduction taken by the Board of Public Works for fiscal 2010 and allows the unspent funds to be credited to the general fund.

Chapter 487 of 2009 also reduced the fiscal 2011 local share of highway user revenues by \$101.9 million and, beginning in fiscal 2012, decreases the local share of highway user revenues from 30.0% to 28.5%.

During the 2003, 2004, and 2005 sessions, a total of \$271.2 million was transferred from the local share of highway user revenues to the general fund through budget reconciliation legislation.

Location of Provision(s) in the Bill: Section 29 and 30 (pp. 36-38)

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