

STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

MARYLAND COUNTIES

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

From State Funds:

- The majority of aid that directly benefits county operations through state aid to local governments is from highway user revenues (HURs) – which contains most motor fuel, titling taxes and vehicle registration fees.
 - In FY 2014 counties will receive only 1.5 percent of total HURs, distributed proportional to vehicle registrations and road mileage; Baltimore City will receive 7.7 percent of total HURs from the state because it is responsible for all roads (except for Interstate 95) within the city limits.

From Federal Funds:

- The majority of federal transportation funding for counties comes from federal grants for road and bridge projects.

From County Funds:

- Counties are relying more heavily on property tax revenues to fund their necessary transportation projects to compensate for lost revenues from the state.
- Sixteen counties currently impose either an impact fee or development excise tax – Anne Arundel, Calvert, Caroline, Carroll, Charles, Dorchester, Frederick, Harford, Howard, Montgomery, Prince George's, Queen Anne's, St. Mary's, Talbot, Washington and Wicomico – the primary services funded by these charges include transportation among other services.

COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- State collected highway user revenues used to be split 30 percent to local governments and 70 percent to state transportation projects. In FY 2010, the state diverted HUR revenues to supplement its general fund budget, reducing the share going to local governments.
- Local transportation projects funded through highway user revenues experienced the largest budget reductions since overall funding was reduced by \$362.2 million since FY 2008. In FY 2008, local highway user revenues totaled \$529.7 million compared with just \$167.5 million in FY 2014.
- State cuts could not be absorbed by deferring projects, counties had to offset losses by taking property tax revenues away from education and public safety services. Counties across the state eliminated employee

Share of County Owned Road Miles Out of Public Roads Statewide	66%
Share of County Owned Bridges Out of Public Bridges Statewide	36%
Share of Structurally Deficient Bridges Out of County Owned Bridges	11%

COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	Charter counties, code home rule and commission counties have authority to impose property taxes. Counties must set an assessment limit anywhere from 0 to 10%.
Levy Personal Property Taxes	X	
Levy Local Option Sales Taxes		
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee		
Form Special Districts for Transportation	X	Charter counties have authority to crease special districts.

Note: Code home rule counties cannot impose any new taxes.

cost of living increases (COLAs) and increments, instituted furloughs, laid off employees, enacted across the board cuts and dipped into rainy day and reserve funds — all required to offset the state transportation funding reductions as well as their own revenue declines related to the economy.

- To compensate for lost HUR funds, all counties are dependent on decreasing property tax revenues. Many smaller counties have cut their transportation projects and expenditures all together.

NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- Although the state implemented a gradual increase in the state gas tax rate beginning in 2013 and up to a 5 percent sales tax on the wholesale price of gasoline, counties are not sharing in any of these new revenues.
- A task force met in 2013 and recommended that local governments be given the authority to impose a local option vehicle registration fees, a local option income tax increment dedicated to transportation or expand their real estate transfer tax, however movement in this area is unlikely.
- With the recent increases in state transportation revenues, counties advocate restoring funding back to previous levels.
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