

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 669

(Delegate Pruski, *et al.*)

Environment and Transportation

Judicial Proceedings

State Highway Administration - Third-Party Road Improvements - Required
Work Schedule

This bill authorizes the State Highway Administration (SHA) to require a nongovernmental applicant for a permit issued by SHA to complete specified types of work on a State highway to submit, in a manner that SHA requires, a schedule for the work to be performed under the permit; the permit holder must complete all work in accordance with the schedule or any extension SHA approves. If the person fails to complete the work in accordance with the schedule (or any approved extension), the person is (1) subject to revocation of the permit and (2) liable, with its sureties, for all damages sustained by the State as a result of the failure, including any costs incurred by SHA to complete the work. SHA must provide written notice to a person whose permit is revoked under these provisions.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures decrease beginning as early as FY 2027 to the extent the bill results in fewer instances in which SHA assumes responsibility from private contractors for completing work on State highways, as discussed below. TTF revenues increase beginning as early as FY 2027 to the extent that SHA recoups any additional costs it incurs to complete work related to permits affected by the bill, as discussed below.

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law: SHA must construct, reconstruct, and repair State highways as necessary and maintain them in good condition. Generally, unless a person has a permit from SHA, the person may not:

- make an opening in any State highway;
- place any structure on any State highway;
- change or renew any structure placed on any State highway;
- dig up any State highway for any purpose, including the placement of pipes, sewer, poles, wires, or rails;
- plant or remove any tree on any State highway; or
- place any obstruction or improvement on any State highway.

If any such work is permitted by SHA, the work must be performed to the satisfaction of SHA and under its supervision. The person to whom the permit is issued or by whom the work is done must pay the cost of replacing the highway in as good a condition as before the work was done.

SHA must require a nongovernment applicant for a permit who is a developer to submit a performance bond, letter of credit, or surety acceptable to SHA. Additionally, any nongovernment applicant must submit a payment bond, letter of credit, or other surety if (1) the amount of the improvement is estimated to exceed \$100,000; (2) the project is financed, in whole or in part, by private funds; and (3) the entire improvement is located outside the applicant's property.

State Fiscal Effect: SHA anticipates, and the Department of Legislative Services concurs, that the bill may decrease TTF expenditures and increase TTF revenues beginning in fiscal 2027 by addressing situations where developers fail to complete permitted work on State highways in a timely or satisfactory manner.

More specifically, the bill's authorization for SHA to require a work schedule for nongovernmental permitted work likely results in fewer instances in which SHA assumes responsibility for completing the permitted work, thereby decreasing its costs. Additionally, in situations where SHA must complete the permitted work, the bill specifies that the permittee is liable, with its sureties, for all damages sustained by the State as a result of the failure of the permittee to do so, including any costs incurred by SHA to complete the work. While SHA may already recoup some of those costs under current law – from a permit holder's surety – the bill enables SHA to recoup any costs incurred beyond what is covered by the required surety. Thus, TTF revenues increase to the extent SHA

recoups additional costs as a result of this provision. Any such impact, however, cannot be reliably estimated without actual experience under the bill.

Small Business Effect: To the extent any small business developers fail to adhere to a work schedule under the bill, they may have their work permits revoked and/or be financially responsible for any costs incurred by SHA to complete the work.

Additional Information

Recent Prior Introductions: Similar legislation has not been considered within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Prince George's County; City of Annapolis; Maryland Municipal League; Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2026
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