

Beat: News

Maryland gas prices on the rise with passage of Transportation Bill

Automatic gas tax increases set in place

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USPA NEWS - Heeding calls from Governor Martin O'Malley for an infusion of money to replenish the transportation trust fund, pay for roads, mass transit, and other "transportation" priorities, the Maryland House of Delegates voted Friday afternoon to raise the states' gas tax for the first time since 1992.

The contentious 76-to-63 vote sent the entire Republican caucus to a meeting outside the chamber, as they contend that Speaker Mike Busch denied both democrat and republican members the right to explain their vote and locked the voting board prematurely.

Under House Bill 1515, Maryland consumers should expect to pay an additional 13 to 20 cents per gallon of gas by mid 2016. This according to a report by the non-partisan Department of Legislative services. Higher taxes on gas will be phased in over the next few years, with the first increase of 4 cents a gallon coming this July.

The legislation will yield an estimated \$4.4 billion in additional revenue for roads and major mass-transit projects over the next five to six years, coupled with the need for additional borrowing. The bill now moves to the state Senate where it has strong support from Senate President Thomas V. Mike Miller, a Calvert County Democrat.

Supporters of the bill characterize their vote as an unpleasant necessity, and contend the additional funding is necessary to address some of the country's worst traffic congestion, a need that has been accelerated by the passage of Virginia's transportation bill last month.

Based on projections from current funding, analysts say that after 2017, Maryland will only have monies to cover maintenance of its existing transportation network. No funding will be available for new highway construction, or planned mass transit projects like Baltimore's Red Line, the Purple Line in Prince Georges County or an express bus line along the I-270 corridor in Montgomery County..

In addition, there is a tremendous backlog of unfunded projects and priorities by local leaders in Prince Georges and Montgomery Counties. One such project is major improvements to Route 210 in Prince Georges County which has taken on a heightened urgency with the expected opening of the casino at National Harbor in 2016.

Delegate Jolene Ivey, Chair of the Prince Georges County delegation says this increased transportation funding is necessary if Maryland is to compete with Virginia for the new FBI headquarters that would bring thousands of jobs to her County and the surrounding area.

Opponents like Delegate Herb McMillan (R-30-Anne Arundel County) criticized the "lockbox" provision in the bill, calling it "a wet paper bag," that even "a hamster could bust through." The lockbox provision was placed in the bill after years of efforts to prevent O'Malley and future governors from raiding the transportation trust fund for non-transportation projects.

The lockbox provision in this bill simply requires a three fifths majority vote of the full standing committee assigned the legislation in the House and Senate.

House Majority Leader Kumar Barve (D-20-Montgomery) called the gas tax increase "a reasonable price to pay to spend less time on the road." "There is a real cost to congestion, and I believe we need to get people out of their cars and moving," Barve said.

"I, like you, have heard from many citizens around this state saying hey, we need to fix our roads. Maybe we can handle a little increase," Del. Nic Kipke, R-Pasadena, told the House. "But this is nothing more than political terrorism ... it will depress our economy, it will depress our citizens and it rubs salt in the wound of our economic situation."

Del. Luiz Simmons, D-Montgomery, said the plan would bring an "egregiously regressive tax." If it made any "serious attempt" to

mitigate the risk to the people, Simmons said he would vote for the bill. But it doesn't, he said.

For the average driver, the added cost at the pump will initially be about \$19 a year, rising to as much as \$100 annually in later years, said an analyst from the department of legislative services.

"Maryland's middle class should be furious that their Delegates voted for yearly automatic gas tax hikes and approved a path towards having the highest gas tax in the nation," said Americans for Prosperity (AFP) grassroots Director Nick Loffer. "Leaving Marylanders voiceless and helpless to stop these automatic tax hikes shows how Annapolis has no care for the economic problems of the middle class."

In a statement issued immediately after the vote, Governor Martin O'Malley praised the House for passing a "balanced, fiscally responsible" bill that he said would "support 44,000 jobs over the next five years."

"I urge the Senate to pass this plan quickly so that we can continue to help Marylanders find jobs and strengthen our middle class," O'Malley said.

In Summary:

All 76 votes in favor of the bill Friday were cast by Democrats. Forty-one Republicans and 22 Democrats voted against the bill.

The plan adds another layer of taxes to purchases of gasoline, which are now subject to a 23.5-cent-a-gallon flat tax, a levy unchanged since 1992.

Under the bill, a new sales tax of 3 percent also would be imposed. That tax would be phased in over three years, starting in July.

Another 2 percent could later be tacked onto the sales tax on gas if Congress doesn't take action on a separate issue related to Internet sales.

Maryland and other states are lobbying the federal government to adopt a long-stalled plan that would ensure states can collect sales taxes when their residents make purchases from out-of-state Internet retailers.

If Congress acts on that by 2015, that revenue would be earmarked for transportation in Maryland. Otherwise, the additional 2 percent sales tax on gas would take effect.

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