gbc POSITION STATEMENT

TESTIMONY PRESENTED TO THE
SENATE BUDGET AND TAXATION COMMITTEE

SENATE BILL 591 – TRANSPORTATION – HIGHWAY USER REVENUES – PHASED RESTORATION

DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE

POSITION: Oppose

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 60-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability. It is an organization that prides itself on advocating for changes in public policies that strengthen the business climate while improving the quality of life.

The Greater Baltimore Committee opposes Senate Bill 591 – Transportation – Highway User Revenues – Restoration.

Beginning in late 2007, the United States entered into the worst recession since the Great Depression. Maryland, like all states, was forced to tighten its belts in order to weather the economic storm. During this time, there were cuts to every area of our state government including public health, higher education, the state's workforce, and transportation. As a result, Maryland came through the recession stronger than most states, maintaining a AAA bond rating from all three bond rating agencies and eventually regaining all of the jobs lost during the recession. Many of the funds borrowed from different areas of state government during the recession were restored. However, following the cost savings steps, some forms of local aid – in particular, highway user revenues – were not restored.

As the recession lifted, a transportation funding crisis loomed in the state. The Transportation Trust Fund had fallen victim not to the recession, but to stagnation. Due to the fact that the state's motor fuel tax had not been increased in 20 years, the fund was projected to have enough money to only maintain existing transportation infrastructure. In 2013, the Maryland General Assembly took decisive steps to fix this problem by passing a comprehensive, long-term solution to transportation funding troubles in the state. The Transportation Infrastructure Investment Act of 2013 not only increased the gas tax, but also included a provision that tied future increases of the gas tax to the Consumer Price Index (CPI), a tool used to measure inflation in the economy, to ensure that Maryland did not fall behind again.

This year, there are a number of bills before the legislature that seek to undo some or most of the provisions of the Transportation Infrastructure Investment Act. One of these bills, House Bill 483, would eliminate nearly $1.6 billion out of the Transportation Trust Fund over the next five years by eliminating the indexing provision and other scheduled future increases.

Senate Bill 591 seeks to take money out of the Transportation Trust Fund in a different way – by increasing the local share of highway user revenues back to pre-recession levels.

While there is no questioning the importance of local highway user revenues, to even consider such a proposal while simultaneously considering legislation that would significantly decrease the total funding available to the state is ill-advised. Senate Bill 591 would eliminate nearly a billion dollars from the state share of the Transportation Trust Fund. Combined with other proposed legislation being heard this year, the total economic impact to the state share of the trust fund this year could be nearly $2.5 billion. An economic hit of that size would dramatically decrease the state's ability to not only maintain its existing infrastructure but would eliminate funding for crucial projects, such as the Red and Purple Lines, and state highway projects in every county and municipality in the state.

For the reasons stated above, the Greater Baltimore Committee urges an unfavorable report of Senate Bill 591.