

Wanted: Strategic approach to transportation funding, other fiscal challenges

GBC President & CEO Donald Fry Commentary on WYPR:

As business advocates celebrate success in persuading state lawmakers to repeal the computer services tax, our joy is tempered by a sobering reality. Yes, this was a legislative victory, but it simply restored a tax policy for the information technology industry that existed before last November's special session.

Business advocates engaged in five months of intense lobbying just to get back to where we started.

In the process Maryland's business climate sustained damage, particularly when it comes to what I believe is the most significant economic development challenge facing our state in the next decade – funding transportation infrastructure.

Maryland has a more than \$40 billion backlog of unfunded highway, transit, port and airport projects that requires at least a \$600 million increase in annual revenue to the state's Transportation Trust Fund.

Last November, state lawmakers enacted measures to generate more than \$400 million in new annual revenue to the transportation fund. But in the 2008 session, they raided the fund for more than \$50 million annually to compensate for anticipated revenue lost by the computer tax repeal.

After badly-needed system maintenance is paid for, that leaves only about \$128 million per year in new revenue to address the transportation project backlog. That's not good news for a state whose economy relies heavily on superior transportation resources, and where road congestion now costs that economy more than \$3 billion annually.

One thing is clear. Our leaders in Annapolis do not have a long-term strategy for funding transportation infrastructure. Nor do they appear to have sustainable strategies for meeting other fiscal challenges such as energy supply, health care, and the environment.

Using the transportation fund to cleverly fill budget holes as they pop up is not a strategy. It's a recipe for trouble.

For the sake of our state's business climate and quality of life, a way must be found to incorporate real strategic thinking and planning into the legislative process. Our lawmakers must resist the temptation to opt for fiscal policies that are more clever than smart.