

# Drop in revenue forces cutback

State's transportation spending plan pared back by \$1.1 billion

BY MICHAEL DRESSER  
michael.dresser@balltsun.com

Upgrades to the MARC system will take longer. Projects to get highways ready for military base expansions will be pushed back. Improvements along U.S. 29 in Howard County will be delayed.

These are among the \$1.1 billion in hard choices Maryland officials announced yesterday as they cut back transportation spending plans over the next six years to account for drops in state revenues related to high gas prices and a slowing economy.

"With gas up to \$4 a gallon from \$2 a gallon, everybody started driving less," said Gov. Martin O'Malley, saying revenues from gasoline taxes have fallen off as a result. "All of our transportation projects are based upon the assumption that people will drive at least as much as they have been."

Maryland Transportation Secretary John D. Porcari said almost all of the projects affected by the plan will be deferred to future years rather than canceled outright.

The largest share of the cuts will be absorbed by the State Highway Administration, with almost \$530 million in projects deferred. Among the larger Baltimore-area road projects to see delays are the addition of a northbound lane on U.S. 29 and a planned widening of Route 32 in Howard County. Also delayed are projects to improve intersections affected by the Pentagon's base realignment and closing process near Fort Meade, Aberdeen and Bethesda.

In the mass transit arena, the biggest share of  
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\$437 million in deferred projects involves the MARC system, where the O'Malley administration has been pursuing an ambitious expansion plan. The delayed MARC projects include Penn Line track improvements and the purchase of some additional coaches. The recent acquisition of 13 coaches and the expected delivery of 26 new locomotives early next year are still on schedule.

Porcari stressed that safety programs and "system preservation" projects — the maintenance of current infrastructure — will remain fully funded. He said the reductions will not significantly set back several high-profile transit projects, such as the proposed east-west Red Line in Baltimore and the conversion of the Maryland Transit Administration's bus fleet to hybrid vehicles. Bridge rehabilitation also will not be affected, Porcari said.

The spending plan had called for \$10.5 billion in spending over six years. The revenue shortfalls mean the plan has to be pared back to \$9.4 billion.

The reductions in spending during the budget years 2009-2014 are driven by a \$115 million shortfall in revenue collections from the primary sources of transportation funds in Maryland.

Porcari said taxes on gasoline and diesel were down \$18 million from the forecast for the current budget year. The Transportation Department said the shortfall reflects a 4 percent decrease over the past year in the number of vehicle-miles driven as fuel prices have spiked.

The secretary said the state has also lost money as a result of a slowdown in vehicle sales related to the sluggish national economy. He said the titling tax has produced \$82 million less than projected, while registration fees are down \$15 million from forecasts.

Porcari said the decline in titling and registration revenue comes not only from a drop in vehicle sales but also from a change in the types of vehicles being sold. From January through August, sales of light trucks — which tend to bring in more money from titling and fees — were down nearly 20 percent.

Those trends are "all arguably healthy for the country in the long term," Porcari said, but in the short term they are causing revenue problems for transportation agencies across the United States.

Porcari said Marylanders can expect to see few new program announcements next week when the Transportation Department begins its annual "road show," during which it will unveil its draft six-year spending plan for 2010-2015 in each of Maryland's counties and Baltimore City.

He said that if revenue collections rebound strongly — as they often do once a downturn ends — many of the deferred projects could be expedited again.

Donald Fry, president of the **Greater Baltimore Committee**, said the deferrals are unlikely to be felt immediately but will be apparent to Marylanders five to 10 years from now.

Fry said the shortfalls illustrate the perils of a transportation system that is too dependent on revenue sources tied to motor vehicle use.

"I don't think it's any fault of the administration or the secretary. It is a direct outcome of the national economic downturn we're experiencing," he said.

Fry said the GBC has put together a panel to study other means of raising money to finance transportation that aren't as vulnerable to economic fluctuations.

Baltimore Sun reporter Laura Smitherman contributed to this article.