

# Setting the Agenda

## Governing through Leadership & Accountability

Recommendations from the  
Greater Baltimore Committee to  
Candidates for Governor of Maryland

*September 2006*



gbc

*Regional business leaders creating a better tomorrow ... today.*



# Setting the Agenda

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# Setting the Agenda Governing Through Leadership and Accountability

## *Introduction*

### **The GBC Perspective**

Founded in 1955 by a small group of business executives that included renowned developer James Rouse, the Greater Baltimore Committee in 2006 retains a straightforward mission - to improve the business climate of the Greater Baltimore region by organizing its corporate and civic leadership to develop solutions to the problems that affect the region's competitiveness and viability.

This report represents the efforts of GBC leaders to articulate some strategic priorities and key public policy issues impacting the business climate to candidates in the 2006 elections for governor, the Maryland General Assembly and other statewide offices.

While strategies, goals and recommendations put forward in this report stem from our perspective as advocates for businesses in the Baltimore region, many relate directly to strengthening the business climate of the state as well.

The importance of maintaining a strong business climate cannot be overstated. Everything that follows in this report relates directly to business recruitment as well as retention. Pursuing public policies that nurture and support the expansion of existing businesses is a core generator of economic growth and the foundation of a good business climate. Meanwhile, new business is instinctively attracted to such a climate.

A task force comprised of leading GBC members compiled the recommendations in this report. During the last several months, the task force consulted with top officials from Baltimore City and surrounding counties, as well as with experts from the region and state on issues including education, health care, transportation, and economic development.

This report also reflects insights drawn by the GBC Board of Directors and its committees during the last four years of work on life sciences development, minority business inclusion, regional transportation, public safety, education, workforce development and job creation, and many other public policy issues that impact Greater Baltimore's business climate.

## Some Introductory Observations

The statewide elections of 2006 present the business leadership of Greater Baltimore with a compelling opportunity to communicate insights, goals and recommendations relating to strengthening our business environment.

Policies pursued and enacted by the executive branch and the new General Assembly are likely to significantly impact the business climate of the region and state for years to come. In order to provide some framework within which to present strategic goals and recommendations from the GBC, we offer below some introductory observations drawn from GBC task force discussions pertaining to government leadership, business environment and Maryland's economy:

Vision, accountability and fiscal balance must be among the executive branch's top management priorities. From the standpoint of building and maintaining a superior business climate in Maryland, the top management priorities should include:

- ***providing creative vision, leadership and a clear, measurable strategy for progress in Maryland.*** Our state must ensure that government resources and initiatives relate directly and proportionately to its vision and objectives;
- ***providing strong management and accountability for state government operations and services.*** It is important that the governor and legislative leadership establish a high degree of accountability from the outset and demonstrate a continuing culture of progress assessment and management efficiency;
- ***providing fiscal balance and stability.*** To promote confidence within the business community, the state must balance its search for new sources of public revenue with assurances that spending reflects clear strategic priorities;
- ***improving the business climate in Maryland and restoring Maryland's reputation to the outside business world.*** Government policy affects Maryland's business image both within the state and nationwide. It is in the best interest of our state's economic future for its elected leadership to provide a fair and balanced approach when dealing with legislative or policy issues impacting businesses in Maryland.

# **SUMMARY OF TOP STRATEGIC PRIORITIES 2006 GUBERNATORIAL ELECTION**

## **I. ECONOMIC DEVELOPMENT AND JOB CREATION**

### **STRATEGIC OBJECTIVES**

- Create a long-term vision for Maryland's economy and develop, with private-sector leaders, specific strategies to achieve the vision. Such strategies should include efficient transportation, support for growth industries in the region, such as life sciences, and a well-educated and diverse workforce.
- Retain competitive advantages, such as tax credits and other supportive fiscal policies that currently exist in Maryland. Engage in a partnership with the business community to ensure that the General Assembly adopts programs and policies to keep Maryland competitive vis-à-vis its neighboring and competing states and resists the passage of legislation that negatively harms the business climate or the perception of Maryland as a good place to do business.

### **ACTION ITEMS**

#### **Top Priorities:**

- Pass legislation that expands current tax credits and other business incentives to continue to spur economic development in the region and the state. Eliminate the 50% cap on the Heritage Tax Credit Program.
- Strengthen minority businesses in the region. Recognizing the critical role that the private sector plays in creating legacy wealth, promote programs that emphasize the inclusion of minority-owned businesses in emerging business opportunities. Develop policies to address the untapped growth potential of the minority and women-owned business community to create a truly unified business community. Continue to monitor and reform the State MBE program to ensure that minority businesses receive increased opportunities for wealth creation.
- Support for the life sciences in the region. Commit financial resources and political capital necessary to develop and sustain research parks statewide. Leverage state economic development and marketing opportunities to attract biotechnology companies and to encourage the development of biotechnology companies in central Maryland from our research universities. Invest sufficient funds to make Maryland life science industry highly competitive, to maintain the market advantages it now has in industries such as nano-biotechnology and to command a reasonable market share of commercial applications growing out of research areas such as stem cells and vaccine development.

Other Significant Areas of Interest to the GBC:

- Support the enactment of GBC-initiated legislation providing a new tax credit for businesses locating at research parks affiliated with institutions of higher education in the state.
- Support increased funding for stem cell research.
- Develop policies that attract the best and brightest students from across the country and to retain them in the state and the region. Assess and direct higher education programs across the spectrum, from community colleges through four-year colleges and universities, to reflect a close alignment with workforce needs by consulting in a systematic way with private industry.
- Institutionalize the Governor’s Workforce Investment Board to eliminate conflicting priorities between it and the local Workforce Investment Boards and expand its scope to facilitate partnerships between government, business and higher education to ascertain what the region and state’s workforce needs are and develop policies to fill those needs. Establish a structure in the GWIB to coordinate the higher education community with the business community in order to clearly focus the academic institutions on State workforce needs.
- Restore the Maryland Department of Business and Economic Development to an appropriate budget level to enable the department to develop and implement an aggressive, vibrant business recruitment and retention effort to ensure and promote economic growth throughout the State of Maryland.

**II. EMINENT DOMAIN**

ACTION ITEMS

Top Priorities:

- Oppose a constitutional amendment that prohibits the use of eminent domain for economic development purposes.
- Oppose any legislative actions that unreasonably restrict or inhibit a municipality’s ability to use eminent domain for economic development and to curb urban blight.

### **III. BASE REALIGNMENT AND CLOSURE PROCESS (BRAC)**

#### **ACTION ITEMS**

##### **Top Priorities:**

- Execute an Executive Order directing all state agencies to create a streamlined planning and permitting process to expedite planning and project approval of BRAC related projects. The Executive Order should specifically direct the Maryland Department of Transportation to develop systems and processes that would “fast track” the approval and construction of transportation infrastructure projects needed to meet the demands of BRAC.
- Create a line item in the State of Maryland’s general fund operating budget for the appropriation of funds necessary to implement BRAC related projects.
- Immediately update the Consolidated Transportation Plan (CTP) to fully integrate the road and transit projects that are needed to address the significant increased population and job growth resulting from BRAC and the additional demand on the regional transportation infrastructure.
- Determine the necessary funds needed for the updated Consolidated Transportation Plan and develop a financial plan for the increased funding needed to support the revised Consolidated Transportation Plan (CTP) including a complete analysis of innovative funding mechanisms not currently used in Maryland for transportation planning.

### **IV. TRANSPORTATION**

#### **ACTION ITEMS**

##### **Top Priorities:**

- Advocate for a regional approach to planning and implementation of rapid transit projects.
- Continue to fully fund the planning, design and construction of the Red Line from western Baltimore County through downtown Baltimore and to Southeast Baltimore.
- Begin planning for the Green Line extension from Johns Hopkins Hospital to Morgan State University and to eastern Baltimore County.
- Advocate for cost-effective connections between Baltimore and Washington D.C., including increased MARC commuter and Amtrak service, and continued study and public support of a Maglev system.

### Other Significant Areas of Interest of the GBC:

- Establish an independent commission to study improved, cost-effective connections between Baltimore and Washington D.C., including increased MARC commuter service, Amtrak, continued study of a Maglev system, and transit options such as expanded bus and water taxi commuter services.
- Complete the Final Environmental Impact Statement for the Maglev program in order to serve as a placeholder for federal interest in establishing Maglev in the region. Support an amendment to the current state law that prohibits the expenditure of federal and state government funding on Maglev.
- Continue efforts to restructure the bus system in the Baltimore region, with continued input from businesses and the communities affected by this process.
- Continue strong State fiscal support for BWI-Thurgood Marshall Airport and the Port of Baltimore to ensure that they remain first class transportation venues for international trade and travel. Ensure continued access to freight rail options, including an examination of freight capacity in the region.
- Create an independent commission including representation from the business community and the public to develop bold and visionary transportation funding alternatives to meet our pressing and future transportation needs.

## **V. EDUCATION**

### ACTION ITEMS

#### Top Priorities:

- Re-examine the terms and commitment to the City-State partnership in light of the federally enacted No Child Left Behind.
- Increase use of non-traditional approaches to recruiting, employing and retaining teachers and principals. Support legislation that offers greater opportunities for alternative teaching certification programs.
- Endorse high standards for academic performance and fully support policies to set such standards, measure them regularly and enforce them through sanctions and well-planned and detailed intervention strategies.

Other Areas of Significant Interest to the GBC:

- Support and push for enactment of GBC-initiated legislation that provides tax credits for new teachers in math, science and special education in jurisdictions with low-performing schools.
- Investigate alternative classroom models, including charter schools.

**VI. URBAN POLICY**

ACTION ITEMS

Top Priorities:

- Adopt a comprehensive urban policy strategy addressing the challenges confronting urban life, including public safety and drug treatment, community redevelopment and neighborhood revitalization, workforce housing, education and workforce development, transportation, health care, and job creation.
- Increase drug treatment slots.
- Expand the police aid formula by allocating additional funding for jurisdictions with high incidences of criminal activity.
- Foster a cooperative relationship with the Mayor of Baltimore, the regional county executives and the private sector in the city and region.

**VII. TOURISM AND CONVENTION CENTER FUNDING**

ACTION ITEMS

Top Priorities:

- Propose and support legislation removing the sunset on the State's commitment to fund 2/3rds of the operating deficit of the Baltimore Convention Center.
- Commit to a significant increase in the state's budget for marketing Maryland's tourism industry to make it more competitive with neighboring jurisdictions and industry competitors.

## VIII. BUDGET AND FISCAL STRUCTURE

### STRATEGIC OBJECTIVES

- Conduct a comprehensive review of the state's tax structure and revenue sources to determine whether the current structure is appropriate to address the modern day economy and is flexible to meet the changing trends in the marketplace and new emerging industry sectors. The review should include an examination of the current revenue sources and explore opportunities to shift the state budget's reliance, if disproportionate, on certain revenue sources to a more balanced tax structure.
- Eliminate the structural deficit caused by unmanaged Medicaid costs and increased education spending to ensure that spending matches anticipated revenues.
- Refrain from shifting responsibilities or mandates to local government without accompanying financial support.

### ACTION ITEMS

#### Top Priority

- Establish an independent commission to study the State's current fiscal structure, with balanced representation from the Executive and Legislative branches, the business community and the public. This study should examine the state tax structure to ensure that it reflects the modern day economy, is flexible to meet the changing trends in the marketplace and new emerging industry sectors, and provides reasonable growth to accommodate the anticipated increased cost of government programs and services. A similar approach should be applied to the Transportation Trust Fund.

#### Other Areas of Significant Interest to the GBC:

- Any legislation that expands gaming in the State of Maryland (slot parlors, racinos, casinos, etc.) should be enacted in a manner that maximizes the financial return to the State's general fund and provides an appropriate level of benefits to the state's horse racing and breeding industry. The GBC's full position on expanded gaming, adopted in 2003, can be found on the GBC website, [www.gbc.org](http://www.gbc.org).

## **REVIEW OF KEY ISSUES**

## **ECONOMIC DEVELOPMENT AND JOB CREATION**

### **STRATEGIC OBJECTIVES**

- Create a long-term vision for Maryland's economy and develop, with private-sector leaders, specific strategies to achieve the vision. Such strategies should include efficient transportation, support for growth industries in the region, such as life sciences, and a well-educated and diverse workforce.
- Retain competitive advantages, such as tax credits and other supportive fiscal policies that currently exist in Maryland. Engage in a partnership with the business community to ensure that the General Assembly adopts programs and policies to keep Maryland competitive vis-à-vis its neighboring and competing states and resists the passage of legislation that negatively harms the business climate or the perception of Maryland as a good place to do business.

### **ACTION ITEMS**

#### **Top Priorities:**

- Pass legislation that expands current tax credits and other business incentives to continue to spur economic development in the region and the state. Eliminate the 50% cap on the Heritage Tax Credit Program.
- Strengthen minority businesses in the region. Recognizing the critical role that the private sector plays in creating legacy wealth, promote programs that emphasize the inclusion of minority-owned businesses in emerging business opportunities. Develop policies to address the untapped growth potential of the minority and women-owned business community to create a truly unified business community. Continue to monitor and reform the State MBE program to ensure that minority businesses receive increased opportunities for wealth creation.
- Support for the life sciences in the region. Commit financial resources and political capital necessary to develop and sustain research parks statewide. Leverage state economic development and marketing opportunities to attract biotechnology companies and to encourage the development of biotechnology companies in central Maryland from our research universities. Invest sufficient funds to make Maryland life science industry highly competitive, to maintain the market advantages it now has in industries such as nano-biotechnology and to command a reasonable market share of commercial applications growing out of research areas such as stem cells and vaccine development.

### Other Significant Areas of Interest to the GBC:

- Support the enactment of GBC-initiated legislation providing a new tax credit for businesses locating at research parks affiliated with institutions of higher education in the state.
- Support increased funding for stem cell research.
- Develop policies that attract the best and brightest students from across the country and to retain them in the state and the region. Assess and direct higher education programs across the spectrum from community colleges through four-year colleges and universities to reflect a close alignment with workforce needs by consulting in a systematic way with private industry.
- Institutionalize the Governor's Workforce Investment Board to eliminate conflicting priorities between it and the local Workforce Investment Boards and expand its scope to facilitate partnerships between government, business and higher education to ascertain what the region and state's workforce needs are and develop policies to fill those needs. Establish a structure in the GWIB to coordinate the higher education community with the business community in order to clearly focus the academic institutions on State workforce needs.
- Restore the Maryland Department of Business and Economic Development to an appropriate budget level to enable the department to develop and implement an aggressive, vibrant business recruitment and retention effort to ensure and promote economic growth throughout the State of Maryland.

### **Economic Development and Job Creation:**

Create a long-term vision for Maryland's economy and develop, with private-sector leaders, specific strategies to achieve the vision: The Greater Baltimore Committee strongly believes that the Governor needs to make a personal commitment to economic development. The Governor needs to send a clear message that the State of Maryland is open for business and that the business leaders of the state have access to government leaders and elected officials. This includes qualified and experienced business representation on boards, commissions, and advisory panels debating and recommending policy directions for the State of Maryland. It is incumbent upon the leadership of the business community to embrace this openness and to devote top-level talent and expertise to these policy boards and panels.

Unfortunately, many actions by government over the past four years have damaged Maryland's reputation in the business community. The passage of health care legislation that impacted large businesses (the so-called "Wal-Mart" bill), legislation that affects the merger of Constellation Energy with a Florida power company, and the imposition of regressive taxation on business all contribute to the negative perception that business leaders outside of Maryland have of the attitude toward business in the state.

Businesses looking to locate or expand in Maryland must do so in spite of this perception. Therefore, it is essential that the Governor avoid executive or legislative action that fuels the negative perceptions and works hard to retain those competitive advantages that Maryland does enjoy. It is critical that the Governor demonstrates a genuine interest in the concerns of business leaders and enlists the support of business executives to participate actively and to be a part of the administration and its policy development process.

Tax credits and supportive fiscal policies for business: The State needs to identify strategies to boost economic growth and expansion and to develop policies and incentives to leverage limited State investment capital to maximize scarce State resources. Tax credits, grants, bond authority and tax policies are all tools that the State has that leverages limited fiscal resources yet allows businesses to grow and prosper to levels that business would not anticipate but for the State investment. For example, commercial projects that have received \$217 million from the GBC-supported State historic tax credit since 1997 have generated \$1.9 billion in economic activity and created more than 20,000 jobs, according to a report released by the University of Maryland and the State Department of Housing and Community Development. One project approved to receive the tax credit, the Tide Point historic property in Locust Point, had provided approximately \$75,000 in taxes per year to the tax rolls prior to the institution of the tax credit. By 2009, when the credit has been completely used, Tide Point will have provided over \$1.3 million in taxes per year.

These economic development tools provide a significant economic stimulus and are a sign of state leaders' vision for redevelopment efforts that allow investors and business owners to engage in large, complex projects with tight profit margins.

Strengthening Minority and Women-Owned Businesses: Bridging the Gap, one of the three top priorities for the Greater Baltimore Committee, is designed to evolve the business culture of Greater Baltimore by developing and fostering relationships between majority and minority and women owned businesses. A report commissioned by the Greater Baltimore Committee as part of this initiative indicated that the Baltimore region could add more than \$5 billion in increased annual sales and create 32,000 jobs if the number of minority and women-owned businesses relative to the population of the Baltimore region were in proportion to other regions of its size. According to the report, the Baltimore region could support 42,935 minority-owned businesses and 63,612 women-owned businesses employing one or more people. There are currently 29,194 minority-owned businesses in the region and 58,576 women-owned businesses creating shortfalls of 13,741 and 5,036 respectively.

The Governor and the state's economic development leadership must focus considerable attention on the business sectors that provide the greatest potential for future long-term growth. One of the fastest growing business segments of the economy is minority business ownership. As the GBC report outlines, Maryland has not seen the growth in that segment of the economy that many other states have enjoyed. Maryland should not lag behind in minority business ownership and should take all steps necessary to provide

minority business opportunities. This effort would bring a surge of profitability and job growth that would benefit all businesses and all our citizens.

Support for Life Sciences: The desire of biotechnology companies to be associated with major research institutions has made Baltimore a major hub for biotechnology business expansion in the State of Maryland. The Greater Baltimore Committee strongly urges the Governor to continue State support necessary to ensure the success of these projects.

Another of the Greater Baltimore Committee's top initiatives is to support the continued growth of the life sciences industry regionally and statewide. The Baltimore region is becoming a bioscience powerhouse. With more than 60 federal agencies and research labs within thirty miles, the region is also home to major research universities such as the Johns Hopkins University and the University of Maryland at Baltimore. Rich in assets that have attracted bioscience companies to the area, the region already boasts one successful biopark in operation, a second partially built, and a third ready to start construction. There are more than 70 bioscience companies in the region, and the three parks are attracting companies both within and outside area universities. When all three regional parks (UMB BioPark, Science + Technology Park at Johns Hopkins, and bwtech@UMBC Research and Technology Park) are fully built out, the region will have added almost three million square feet of bioscience facilities. In addition, the state has committed to millions of dollars in investments in the next wave of life sciences development (i.e. – nanotechnology).

Regional business and community leaders, and government officials have worked cooperatively to support the bioscience industry. In 2004, Ernst and Young rated Maryland overall as number four in the nation based on the number of biotech companies completing first year funding. There are 45,000 bioscience researchers and scientists in Maryland's workforce placing Maryland first in the nation in health sciences professionals per capita. Greater Baltimore is home to industry leaders such as MGI Pharma (formerly Guilford Pharmaceuticals), Martek, and BD Diagnostic Systems.

Additionally, the development of life sciences parks on the east and west sides of Baltimore also serve as community revitalization projects and provide the impetus to transform challenged and neglected sections of the city. It is critical for the Governor to lead the efforts to not only continue the needed federal and state dollars necessary to develop the life sciences industry, but also commit to leading the region and the state in translating the research into economic development activity for the state and propel Maryland as the leader in life sciences development. This action would be greatly enhanced with the passage of GBC-initiated legislation that would provide a new tax credit for businesses locating at research parks affiliated with institutions of higher education (SB 739/HB 1139 of 2006), and increased funding for stem cell research (\$20 million allocated for FY 2007).

Higher education and workforce development: A strong economic development program must also ensure the availability of a trained workforce. The governor should help enlist the support of the higher education community, and work to coordinate the resources of the State's colleges, universities, and community colleges and the Department of Business and Economic Development's workforce development programs.

Maryland has one of the highest percentages of highly educated populations in the country. Its public and private higher education institutions are regarded as some of the best and the community college system has strong workforce development and training programs. The state's public school system is touted as being one of the most progressive and aggressive in demanding strict accountability and high academic achievement. All of the ingredients for a productive workforce development program and trained workforce are in place.

However, to make all of these parts work in tandem, the Governor must exert his/her influence to coordinate these efforts and programs into a cohesive, well-organized unit with specific goals and objectives that can be fully measured and tested. For example, the Governor's Workforce Investment Board (GWIB) has identified key workforce areas to support the state's current labor needs and also plan for future workforce issues. However, there exists a disconnect between the GWIB and the local Workforce Investment Boards as the local boards focus on the specific needs of targeted populations that are underemployed or unemployed.

The GBC urges the next Governor to institutionalize the GWIB. Its charge should include not only coordinating the resources of the State's colleges, universities, and community colleges and the Department of Business and Economic Development's workforce development programs, but also supporting the missions of the local workforce investment boards as they deal with the everyday problems of employing those who most need work.

Develop policies and strategies to retain in this region and state the best and brightest students from our educational institutions and capture the best and brightest students from across the country to our higher educational institutions: A recent summit hosted by the University of Maryland identified strategies designed to protect the competitive edge the state has by focusing on science, technology, engineering and math to not only recruit the state's own most talented students but also attract students to Maryland's colleges and universities with these skill sets and interests.

The Greater Baltimore Committee supports these efforts and urges the next Governor to be implementing the recommendations of the summit. In addition, the GBC strongly urges the Governor to include the business community at the table in order to assure that the state's higher education systems are focused on the workforce needs of the businesses located here. This is perhaps the most critical partnership between government and business, for it will maximize all of our ability to invest for the future and ensure that Maryland is innovation-friendly.

## **EMINENT DOMAIN**

### **ACTION ITEMS**

#### **Top Priorities:**

- Oppose a constitutional amendment that prohibits the use of eminent domain for economic development purposes.
- Oppose any legislative actions that unreasonably restrict or inhibit a municipality's ability to use eminent domain for economic development and to curb urban blight.

#### **Eminent Domain:**

During the 2006 legislative session, the Greater Baltimore Committee opposed legislation that would have hindered the economic development of cities, towns and municipalities that effectively and judiciously use eminent domain for economic development. Eminent domain as it has been applied in Maryland is a sound government policy that has been effectively used not only in the traditional takings of right of way for roads, schools and public works projects, but also by allowing government to take proactive steps to redevelop neighborhoods and curb blight in sections of cities and towns. Many innovative projects in the central Maryland region's history, such as Charles Center, the Inner Harbor, and current west Baltimore and east Baltimore redevelopment projects, would not have occurred without eminent domain authority.

In Baltimore City, the use of eminent domain has been critical to its economic growth and progress, and eminent domain power has been invoked sparingly and judiciously. Condemnation has been used as a last resort; fair compensation, often in excess of statutory requirements, has been paid; and significant projects that have provided a public benefit have been built. Major safeguards are in place to ensure that the City's condemnation authority is not abused.

The Greater Baltimore Committee believes that it is in the best interest of the state of Maryland, and the cities, counties and municipalities that are the backbone of the state, to retain eminent domain authority as it has been used for the past century.

## **BASE REALIGNMENT AND CLOSURE PROCESS (BRAC)**

### ACTION ITEMS

#### Top Priorities:

- Execute an Executive Order directing all state agencies to create a streamlined planning and permitting process to expedite planning and project approval of BRAC related projects. The Executive Order should specifically direct the Maryland Department of Transportation to develop systems and processes that would “fast track” the approval and construction of transportation infrastructure projects needed to meet the demands of BRAC.
- Create a line item in the State of Maryland’s general fund operating budget for the appropriation of funds necessary to implement BRAC related projects.
- Immediately update the Consolidated Transportation Plan (CTP) to fully integrate the road and transit projects that are needed to address the significant increased population and job growth resulting from BRAC and the additional demand on the regional transportation infrastructure.
- Determine the necessary funds needed for the updated Consolidated Transportation Plan and develop a financial plan for the increased funding needed to support the revised Consolidated Transportation Plan (CTP) including a complete analysis of innovative funding mechanisms not currently used in Maryland for transportation planning.

#### **Base Realignment and Closure Process (BRAC):**

The federal government recently completed its review process as to which military operations would be consolidated throughout the country, and the Baltimore region will be the recipient of tens of thousands of additional military and civilian employees at Aberdeen Proving Ground in Harford County and Ft. Meade in Anne Arundel County. In addition to the jobs, the entire region is expected to benefit from the housing and other itinerant needs of the population. While this is an extraordinary economic development opportunity for the region and the state, many policy issues such as land use and transportation decisions will need to be addressed on both the state and local levels.

The Greater Baltimore Committee is the lead organization in the region that will address the implementation of the public policy initiatives that come with the BRAC process. Many concerns have already been raised regarding housing availability, transportation infrastructure, educational opportunities, water and sewer infrastructure, and other issues. It is vital that the Governor begin to structure expedited processes designed to accelerate planning and development so that the region and the state is prepared to receive the influx of jobs and personnel associated with BRAC.

## **TRANSPORTATION**

### **ACTION ITEMS**

#### **Top Priorities:**

- Advocate for a regional approach to planning and implementation of rapid transit projects.
- Continue to fully fund the planning, design and construction of the Red Line from western Baltimore County through downtown Baltimore and to Southeast Baltimore.
- Begin planning for the Green Line extension from Johns Hopkins Hospital to Morgan State University and to eastern Baltimore County.
- Advocate for cost-effective connections between Baltimore and Washington D.C., including increased MARC commuter and Amtrak service, and continued study and public support of a Maglev system.

#### **Other Significant Areas of Interest of the GBC:**

- Establish an independent commission to study improved, cost-effective connections between Baltimore and Washington D.C., including increased MARC commuter service, Amtrak, continued study of a Maglev system, and transit options such as expanded bus and water taxi commuter services.
- Complete the Final Environmental Impact Statement for the Maglev program in order to serve as a placeholder for federal interest in establishing Maglev in the region. Support an amendment to the current state law that prohibits the expenditure of federal and state government funding on Maglev.
- Continue efforts to restructure the bus system in the Baltimore region, with continued input from businesses and the communities affected by this process.
- Continue strong State fiscal support for BWI-Thurgood Marshall Airport and the Port of Baltimore to ensure that they remain first class transportation venues for international trade and travel. Ensure continued access to freight rail options, including an examination of freight capacity in the region.
- Create an independent commission, including representation from the business community and the public, to develop bold and visionary transportation funding alternatives to meet our pressing and future transportation needs.

## **Transportation:**

Regional transportation: The Greater Baltimore Committee strongly supports the need for a regional rail system for the Greater Baltimore region. A long-range plan to develop a rail system is critical to meet the mobility needs of our region. The citizens of the Greater Baltimore region deserve a mass transit system that is comparable to that of the Washington suburban jurisdictions. The GBC urges the Governor to commit the political resources and state matching funds necessary to ensure completion of this vital system.

The third top initiative of the Greater Baltimore Committee is support for regional transportation efforts. The GBC leads a diverse coalition of business, community, higher education and environmental organizations called the Baltimore Transit Alliance. Through this organization, the GBC advocates for implementation of a comprehensive rail system for the Baltimore region through engagement with the planning process, research, public outreach and education, and state and federal legislative initiatives. The GBC believes transportation issues must be addressed on a regional basis, and that the development of a mass transit system is a key component of regional cooperation.

The Governor must commit to the expedited development of the Baltimore Region Rail System Plan. Baltimore needs a more extensive rail system now, and the GBC supports beginning construction on the Red line, a major new east-west rail line by 2010 to be followed shortly thereafter by construction of the Green Line extension of the Metro line beyond Johns Hopkins Hospital. In addition, the GBC supports better, more frequent rail connections between Baltimore and Washington, including MARC, Amtrak and the continued study of Maglev to examine its feasibility.

In the near term, the GBC believes that more and better MTA bus service throughout the region, particularly in high density future rail corridors that are not currently under study, are critical to not only easing the commute for our citizens, but also to catalyzing economic growth in the region. The GBC supported, during the recently concluded legislative session, the restructuring of the bus system into a “family” of services, i.e., express, local and neighborhood circulators. These efforts are vital to stimulating economic development, particularly transit-oriented development. For example, the Washington Metro has generated nearly \$15 billion in private development near its transit stations. Between 1980 and 1990 alone, 40% of the region’s retail and office space was built within walking distance of a Metro station.

Failure to address Baltimore's growing transportation mobility crunch will only result in a gridlocked metropolitan population. The Governor must devote the political capital necessary to propose a comprehensive systematic transportation solution to address the future mobility challenges of the Baltimore region before the problem becomes a crisis. It is time for leadership and direction by the Governor to aid the region in one of its most pressing issues.

Transportation Funding: The Greater Baltimore Committee recognizes that transportation funding has become a difficult conundrum for states over the past few years. The Transportation Trust Fund is the State's principal transportation funding mechanism. The trust fund is credited with taxes, fees, charges, bond proceeds, federal

grants, and other receipts of the Maryland Department of Transportation. All expenditures of the Maryland Department of Transportation are made from the trust fund. The fund is financed through the gas tax, titling and registration fees, federal aid and a portion of the state's corporate income tax. Although the fund was increased in 2003 through an increase in the registration and titling fees, the gas tax, the most significant portion of the revenue stream, has not been raised in over a decade. The result of that inaction, the rising cost of transportation projects, and system maintenance is that the fund expenses are growing faster than revenues.

The GBC has long supported and urges the next Governor to establish a blue-ribbon transportation funding commission panel to carefully study the state's transit funding policy. Among the issues it could consider are whether current funding is sufficient to provide for operations, maintenance, and expansion; whether additional sources of transportation funding should be identified; and how each region in the state is faring under the current approach.

We recognize that the General Assembly passed, and the Governor signed, legislation establishing a transit-funding panel during the 2006 legislative session. Unfortunately, that panel is composed solely of elected officials and government agency representatives. It is critical that the Governor demonstrates a genuine interest in the concerns of business leaders and enlists the support of business executives to participate actively and to be a part of not only a transportation study panel, but also any boards, commissions, and advisory panels debating and recommending policy directions for the State of Maryland.

Port and Airport Resources: The Greater Baltimore Committee urges the Governor to invest the necessary resources to ensure that the Port of Baltimore and Baltimore Washington International-Thurgood Marshall Airport provide the first class access and accommodations needed to strengthen international markets that identify Baltimore as a desired venue.

In today's economy, access to global markets is essential. The Port of Baltimore and BWI- Thurgood Marshall Airport are the state's two strongest assets to provide this economic development opportunity. Their relative proximity to each other provides an added benefit that very few other states can claim. In this ever-developing international economy, it is critical that these two assets work closely to maximize their combined resources and to market Baltimore and its services to potential customers abroad. Baltimore, its port, and BWI-Thurgood Marshall seem well situated to flourish in this global economy, provided its operations and access are top quality. Financial resources can ensure that these facilities are second to none and make Baltimore an international destination for business and other purposes.

Magnetic Levitation Transportation: The Greater Baltimore Committee strongly supports the continued efforts to secure Maglev in the Washington to Baltimore corridor and urges the Governor to demonstrate public support and commitment to securing Maglev in Maryland. Such support should include directing the Secretary of the Maryland Department of Transportation and the Administrator of the Maryland Transit Administration to take aggressive action to complete the Final Environmental Impact Statement and provide any other supporting documentation that clearly demonstrates that

the Washington to Baltimore corridor is the preferred corridor for development of this transportation alternative.

The Washington to Baltimore corridor has been identified as one of the final sites for the construction of the federal magnetic levitation (Maglev) transportation pilot project. Significant resources, public and private, have been expended to position the corridor as a viable location for this innovative transportation technology of the future. The selection of the Washington to Baltimore corridor would dramatically impact and transform the future of Baltimore. The federal government has authorized \$90 million for the construction of two pilot magnetic levitation projects – one east of the Mississippi and one to the west. Currently, plans for Maglev exist in this region, Pittsburgh, Atlanta to Chattanooga, and Las Vegas.

Very rarely does a government project come along that has the potential to have a major transformative economic impact. Maglev is such a project. Initially, the job creation potential is enormous and could develop into one of the most significant public works projects in decades. Following construction and upon its successful operation, the rapid access that would be provided by the Washington to Baltimore connection may well serve as the backbone of the expansion to other major cities along the East Coast (e.g. - Philadelphia, New York, and Boston). The future expansion of the project would place Baltimore in the center of major business and economic development opportunities never before imagined. By contrast, the construction of a Maglev in another alignment would likely result in a bypassing of the Washington-Baltimore corridor. Such an outcome would be terribly detrimental to the economic potential and vitality of the Baltimore area.

Few people argue that the Washington to Baltimore connection is the most practical alternative with the greatest prospects for success. However, the ultimate alignment selection will likely be decided on a political rather than a practical basis. For that reason, it is imperative that the Governor publicly supports the Washington to Baltimore connection and expends the necessary political capital and financial resources needed to land the Maglev project.

## **EDUCATION**

### **ACTION ITEMS**

#### **Top Priorities:**

- Re-examine the terms and commitment to the City-State partnership in light of the federally enacted No Child Left Behind.
- Increase use of non-traditional approaches to recruiting, employing and retaining teachers and principals. Support legislation that offers greater opportunities for alternative teaching certification programs.
- Endorse high standards for academic performance and fully support policies to set such standards, measure them regularly and enforce them through sanctions and well-planned and detailed intervention strategies.

#### **Other Areas of Significant Interest to the GBC:**

- Support and push for enactment of GBC-initiated legislation that provides tax credits for new teachers in math, science and special education in jurisdictions with low-performing schools.
- Investigate alternative classroom models, including charter schools.

#### **Education:**

Academic performance standards: The Greater Baltimore Committee has been closely involved with its regional school systems for many years. The GBC's involvement in the Baltimore City Public School System has been particularly intensive, as the GBC has conducted two separate fiscal and management studies of the BCPSS in the past four years. Although the school system had been mired in a fiscal management crisis during the past few years, not only has the fiscal ship been righted, the test scores of Baltimore City students, even when the system was in financial trouble, continued to rise and improve. Much of the credit in this rise is due to the application of rigorous accountability measures for academic performance.

One of the most progressive steps taken in education over the last decade was the decision to require a high level of accountability for academic achievement and to impose sanctions and intervention when necessary. The emphasis on accountability brought about a heightened awareness of student performance levels among administrators, teachers, parents, and students. Examples of improved performance levels are plentiful throughout the state and region. This type of dynamic action was needed to bring about a change in the culture that existed within our public schools. Locally, the unique City-State Partnership between the Baltimore City schools and the Maryland State Department of Education is an example of efforts by educators and state and local officials designed to hold each accountable and bring each to the table in the best interests of the students.

However, recent events such as the State Board of Education's attempt to place 11 Baltimore City schools under State control without consultation or involvement from the school system or the City has negatively impacted this relationship and may have irreparably damaged this unique partnership. The GBC urges the next Governor to not only embrace and strongly support high academic standards for our students in public schools and resist efforts to minimize the importance of accountability, but also to re-examine the terms and commitment to the City-State partnership in light of the federally enacted No Child Left Behind.

Increase use of non-traditional approaches to recruiting, employing and retaining teachers and principals: The GBC has long supported the use of alternative teacher certification and recruitment methods. Maryland currently has alternative teacher certification options, but the state confers an average of just 66 certificates annually to alternative teachers – far less than other states such as New Jersey, which averages 2,278 annually, and Massachusetts, which averages more than 3,000. A review of new teacher hiring in Baltimore City Public Schools emphasizes the importance of utilizing effective alternative programs such as Teach for America and The New Teachers Project. Since 2003, fifty per cent (50%) of the City's new teachers have come through such programs designed to attract college graduates with degrees in disciplines other than education and motivate them to pursue alternative certification. Also, a study of teachers in Baltimore City found that Baltimore City teachers from either the Teach for America or The New Teachers Project alternative certification programs are more likely to remain with the system at the end of two years than either certified teachers or conditionally certified teachers not involved in these programs.

To address the needs of public education, the State of Maryland needs to explore non-traditional innovative approaches to teacher recruitment and retention. Some of these concepts include the hiring of international candidates and career-changers, more expanded use of programs such as Teach for America and The New Teachers Project, and a differential pay scale for qualified teachers in designated fields of study. For example, during the 2006 legislative session, the GBC advocated for a \$1500 tax credit for a newly hired teacher in the areas of math, science and special education. Finally, to ensure that teachers are satisfied in their employment and receive the support that they need, strong efforts must be made to provide the tools necessary to teach, including up-to-date technology, advanced educational opportunities and effective post-college training.

## URBAN POLICY

### ACTION ITEMS

#### Top Priorities:

- Adopt a comprehensive urban policy strategy addressing the challenges confronting urban life, including public safety and drug treatment, community redevelopment and neighborhood revitalization, workforce housing, education and workforce development, transportation, health care, and job creation.
- Increase drug treatment slots.
- Expand the police aid formula by allocating additional funding for jurisdictions with high incidences of criminal activity.
- Foster a cooperative relationship with the Mayor of Baltimore, the regional county executives and the private sector in the city and region.

#### **Urban Policy:**

Comprehensive Urban Policy Strategy: The Greater Baltimore Committee continues to embrace the notion that a region is only as strong as its central core. Baltimore remains a major job center and economic hub of the State of Maryland. Additionally, it serves as the cultural center of the region and as a mecca for world-class health care services. To ensure the future economic health and prosperity of the city, the GBC firmly believes that the Governor needs to develop a strong cooperative relationship with the Mayor of the City of Baltimore and the private sector. Together, they should adopt a comprehensive urban policy strategy addressing the myriad of challenges confronting urban life, including public safety, education and workforce development, transportation, health care, neighborhoods/housing, and job creation.

Baltimore's economy has strengthened over the past few years with above average gains in employment and increases in income and home prices that were among the highest in the nation. These advances were driven by a number of trends, including the rapid growth of post 9-11 Washington, D. C., rising demand for homes, and the desire of more people to return to center cities. Baltimore is often compared to the so-called "rust-belt" cities of the Midwest, including Cleveland, Pittsburgh and St. Louis. The large industrial firms that dominated these cities in the past left a dual legacy in each: 1) strong health care, education and cultural institutions endowed by past earnings; and 2) brownfields, grime and extreme difficulty adapting to the ever-changing dynamics of the global economy. Each region is making valiant efforts to revitalize and grow, however Baltimore is emerging from the pack and is well ahead of these 'peer' regions in many respects.

The 2005 “State of the Region” report, published by the GBC, the Economic Alliance of Greater Baltimore, and the Baltimore Metropolitan Council, compared the Baltimore region with 19 competing regions in the U.S. in more than 90 categories of economic vitality and quality of life.

Consider these facts:

- **Population Growth:** While Greater Baltimore realized average annual population growth that was just below the U.S. average from 2002 to 2004, Cleveland (19th) and Pittsburgh (20th) actually realized losses in regional population.
- **Employment Growth:** Average annual employment growth from 2002 to 2004 was above the U.S. average in Greater Baltimore, placing the region 10th among the 20 benchmark regions. However, St. Louis (17th), Cleveland (18th) and Pittsburgh (19th) all realized losses.
- **Manufacturing Towns:** Baltimore has made the transition from a ‘manufacturing town’ to a diversified industry and services hub. Among the 20 benchmarks, Cleveland (14.2%) continues to have the highest proportion of its workforce in manufacturing. St. Louis (10.9%) and Pittsburgh (9.1%) also rank among the top 10. Greater Baltimore places 18th among the 20 metros at only 6%, however much of this base is in high-tech manufacturing.
- **Highly Educated Population:** Greater Baltimore ranks 9th among the 20 benchmarks with 29.7% of the population having completed a bachelor’s degree or more. In St. Louis (17th), Cleveland (18th) and Pittsburgh (19th) the figure is less than 25%.
- **Downtown Resurgence:** Downtown Baltimore is booming in terms of residential growth and development. While St. Louis, Cleveland and Pittsburgh are attempting to follow much the same path as Baltimore, their efforts are not producing similar results. Using a 1-mile radius from the city center, St. Louis ranks last among the top 25 metro areas for population, with only 6,907 residents. Cleveland (8,975) and Pittsburgh (17,140) are also well behind Baltimore (36,000+).

Although Baltimore continues to have issues related to crime, social problems and its industrial past, the data above suggests that more appropriate peers for Baltimore might be regions such as Denver, Seattle, and Minneapolis.

Baltimore remains the focus of the Greater Baltimore region. It attracts thousands of workers on a daily basis and hundreds of thousands of tourists throughout the year. It is second only to Ocean City as the most popular tourist destination in the State and is home to many exceptional public and private colleges and universities as well as a multitude of outstanding health care facilities, including two of the nation's most outstanding hospital and medical research institutions. It needs careful attention from the state's chief executive to continue to grow and prosper.

Drug Treatment: The Greater Baltimore Committee has been a strong proponent of drug treatment on request as an effective crime fighting strategy. The GBC urges the Governor to continue to fully fund drug treatment for Baltimore City.

In addition, the GBC urges the Governor to recognize that the suburban counties bordering Baltimore are also experiencing reported increases in incidents of drug abuse. The GBC strongly supports the full funding of drug treatment programs for the suburban population throughout the region as well as the preliminary planning and funding of the construction of a long-term drug treatment facility in the Greater Baltimore region.

In recent years, the State of Maryland has provided a significant increase in drug treatment monies to the City of Baltimore. However, the use and sale of drugs is not limited to an urban environment or a particular income sector. In recent years, affluent suburban communities surrounding Baltimore have experienced a significant increase in drug abuse and incidents of crime related to drug traffic. The sale, distribution and use of controlled dangerous substances are a significant cross-jurisdictional boundary concern. Funding must be provided regionally to prevent the proliferation of drug abuse and crime in our suburban counties. Although to its credit the State has significantly increased its commitment to drug treatment, it is critical that equivalent efforts be expended to provide adequate resources to construct long-term treatment facilities to serve the most seriously addicted in the Greater Baltimore region.

Police Aid: The Greater Baltimore Committee strongly believes that state grants for police aid, violent crime, and drug treatment should be directly apportioned based on the needs of the jurisdictions and the current trends in violent crime and drug addiction. Accordingly, the GBC strongly urges the Governor to introduce legislation that would amend public safety formulas to accomplish that result.

Police aid grants in fiscal 2007 total \$64.9 million, a 1.5% increase over fiscal 2006. (Source - Department of Legislative Services 90-day Report). The police aid formula, in part, divides the funds among the Maryland counties and municipalities on a per capita basis irrespective of the crime rates or crime trends experienced in a jurisdiction.

Although population is a factor that should be considered in providing financial assistance to fight crime, a multitude of statistical data exists that identifies high crime volume or trends. Although the General Assembly authorized some changes to this allocation in recent years, these factors should be included as a component in the allocation of police aid. High incidents of violent crime, wherever located within the State, impact dramatically the economic health and well being of the state and its perception throughout the country. The State could use its financial resources more effectively and cost-efficiently to combat crime by directing resources to areas of high crime volumes or trends.

Regional cooperation: The Greater Baltimore Committee has long recognized that regions, not individual jurisdictions, are the primary economic competitors in the global economy. Healthy and viable core areas characterize successful regions, while regions with declining core areas do not perform as well. The synergy among central cities and

the jurisdictions around them is critical to a region's success. A thriving urban area energizes a region and serves as a catalyst for economic and cultural growth. The GBC urges the next Governor to strengthen regional ties and collaboration that will benefit the entire region.

Unfortunately, the ties that bind the Greater Baltimore region together have frayed along the edges over the past few years. Legislative redistricting removed cross-jurisdictional representation between Baltimore City and Baltimore, Howard and Anne Arundel counties, weakening local cooperation between neighborhoods on either side of the city line. The GBC urges the Governor to strengthen and reenergize the cooperation between jurisdictions and assist in highlighting the commonalities between each jurisdiction.

## **TOURISM AND CONVENTION CENTER FUNDING**

### **ACTION ITEMS**

#### **Top Priorities:**

- Propose and support legislation removing the sunset on the State's commitment to fund 2/3rds of the operating deficit of the Baltimore Convention Center.
- Commit to a significant increase in the state's budget for marketing Maryland's tourism industry to make it more competitive with neighboring jurisdictions and industry competitors.

#### **Tourism:**

The Greater Baltimore Committee has long recognized and promoted the tourism industry in the region and statewide. In 2004, the GBC conducted a summit on tourism in the region, which showed that the tourism industry is one of the top three economic engines in Greater Baltimore. In light of its positive economic impact, the GBC urges the Governor to work with local economic development and tourism officials to ensure that the state maximizes its investments in tourism.

In addition, current law requires the state to support certain operating deficits at three of the state-assisted convention centers – Baltimore, Montgomery and Ocean City. In 2008, the state's partnership with the city in offsetting the Baltimore Convention Center's operating deficit expires. The GBC research shows that most convention centers in the country operate at a loss and no convention center is self-supporting. Many states fund their convention center operations through hotel taxes. The GBC research also shows that some states additionally fund their convention centers through ancillary assessments related to the tourism industry (e.g. – Hawaii funds its convention center operations through a local rental car tax).

The GBC strongly supports that the state continue to offset convention center operations statewide, recognizing the enormous tourism economic benefits the region and state receive. The GBC urges the Governor to closely examine whether additional revenue sources are necessary to protect this valuable statewide asset.

## **BUDGET AND FISCAL STRUCTURE**

### **STRATEGIC OBJECTIVES**

- Conduct a comprehensive review of the state's tax structure and revenue sources to determine whether the current structure is appropriate to address the modern day economy and is flexible to meet the changing trends in the marketplace and new emerging industry sectors. The review should include an examination of the current revenue sources and explore opportunities to shift the state budget's reliance, if disproportionate, on certain revenue sources to a more balanced tax structure.
- Eliminate the structural deficit caused by unmanaged Medicaid costs and increased education spending to ensure that spending matches anticipated revenues.
- Refrain from shifting responsibilities or mandates to local government without accompanying financial support.

### **ACTION ITEMS**

#### **Top Priority**

- Establish an independent commission to study the State's current fiscal structure, with balanced representation from the Executive and Legislative branches, the business community and the public. This study should examine the state tax structure to ensure that it reflects the modern day economy, is flexible to meet the changing trends in the marketplace and new emerging industry sectors, and provides reasonable growth to accommodate the anticipated costs of government programs and services. A similar approach should be applied to the Transportation Trust Fund.

#### **Other Areas of Significant Interest to the GBC:**

- Any legislation that expands gaming in the State of Maryland (slot parlors, racinos, casinos, etc.) should be enacted in a manner that maximizes the financial return to the State's general fund while providing an appropriate level of benefits to the state's horse racing and breeding industry. The GBC's full position on expanded gaming, adopted in 2003, can be found on the GBC website, [www.gbc.org](http://www.gbc.org).

## Budget and Fiscal Matters:

State revenue and spending: The Greater Baltimore Committee strongly recommends that the first step that needs to be undertaken in this area is a thorough and comprehensive review of state revenues and spending to ensure that state government is managed effectively, efficiently and through a budget that is consistent with agreed upon priorities. This study should examine the state tax structure to ensure that it reflects the modern day economy and provides reasonable growth to accommodate increased cost of government services.

Although the Maryland economy has grown stronger during the last four years, the State still faces a structural deficit in the next few budget years as State spending still outpaces revenues collected. The FY 2007 budget closed with surplus revenues of about \$300 million, however, in just one year the budget shows a potential cash shortfall of about \$200 million between revenues and current services spending for fiscal 2008. The shortfall is expected to widen to around \$1.3 billion in fiscal 2009 due to reliance on cash balances in fiscal 2008 and steadily increasing Medicaid spending. By fiscal 2011, the shortfall is projected to reach \$1.5 billion.

The administration's first task should be to examine the State's budget and tax structure. Together, the Governor and the General Assembly should develop long-term strategies for addressing future budget needs and shortfalls. A task force or commission established to study the state fiscal structure should also consider a look at the current State budget process, and look at best practices from other State governments nationwide.

Local Government Funding: The Greater Baltimore Committee recognizes the tremendous financial assistance to local governments that is provided by state government. In addition, due to recent upturns in the residential housing market in Baltimore City, coupled with improved management and efficiency of government operations, Baltimore City is now experiencing the first sustained fiscal surpluses in recent memory, in spite of having the highest local tax effort in the state. Although the fiscal position of the city and region is seeing a positive trend, the Greater Baltimore Committee is opposed to balancing the state's budget through efforts to reduce aid to local government, to impose unfunded mandates or to further shift responsibilities currently handled by state government to local governments.

Without diminishing the importance of state government and the needs that it serves, county and municipal governments have a much closer connection to the citizens than many state programs. State aid to local governments is a critical component in the funding of education, libraries, public safety, and public health services. These basic government services are of primary importance to the taxpayer. Additionally, local governments are limited in their ability to access tax revenue, relying primarily on real property taxation and local income tax. In all likelihood, any future economic downturn that impacts on state revenues also negatively impacts on the local government revenue picture. Therefore, a reduction in state aid, in effect, becomes a "double hit" to local governments. It would be counter-productive to reduce financial assistance to local governments in our region, as evidence of progress is abundant.