

O'Malley To Unveil Transportation Tax, Funding Proposal Today

WBAL Radio as reported by Robert Lang

Governor Martin O'Malley today unveils another component of his tax package, to help close a projected \$1.7-billion deficit.

The governor will appear at a "Park and Ride" lot in Gaithersburg, where he is expected to propose an increase in the state's vehicle excise tax, which is assessed on new and used vehicles sold through dealerships.

The governor is expected to boost that tax from 5% to 6% of the value of a car.

Critics say the proposal will add several hundred dollars to the cost of a car.

O'Malley aides say some of the money generated is expected to go to the state's transportation trust fund, which pays for road and bridge projects. The remainder of the money is expected to go to help reduce the deficit.

The governor has not advocated an increase in the state's gasoline tax, which currently stands at 23.5-cents-per-gallon.

Earlier this summer, Transportation Secretary John Porcari, told WBAL News the administration was considering linking increases in the gas tax to the U.S. inflation rate.

Porcari says the state has \$40-billion in unmet transportation needs. The governor is expected to address that issue today.

Senate President Mike Miller, and officials of the [Greater Baltimore Committee](#) have called for lawmakers to increase the gasoline tax.

Last week, O'Malley proposed other facets of his tax plan.

In separate events, the governor proposed an increase and expansion of the state's sales tax, a cut in the state's property tax rate, and changes in the state's income tax system.

The governor is also expected to propose doubling the state's cigarette tax, with part of the money to fund an expansion of health care for the uninsured, and the rest to help lower the state's budget deficit.

Republicans have maintained that the tax hikes are unnecessary, and that the deficit can be reduced by cutting spending. The governor maintains cutting spending would reduce funding to services that he believes are critical.

The governor maintains that factoring all of the tax changes, 83% of taxpayers will pay the same, or lower taxes under his plan.

Montgomery County Executive Ike Leggett will be among the dignitaries appearing with the governor today.

Last week, he expressed reservations about part of the governor's deficit reduction plan, the proposed increase for individuals with an adjusted gross income of \$150,000, and married couples with an adjusted gross income of \$200,000.

As the leader of the state's wealthiest county, Leggett told the Baltimore Sun that the O'Malley proposal may force some of his residents to move to either the District of Columbia, or Virginia, to avoid paying higher income taxes.

The governor is also calling for lawmakers to close various loopholes in the state's corporate tax law, and he will propose an increase in the state's corporate net income tax.

The governor has not publicly discussed possible cuts in aid to local governments; however Howard County Executive Ken Ulman tells WBAL News, Howard County will lose about \$10-million related to the state's Thornton formula for funding public schools.

The governor would like the General Assembly to enact his changes in a special session in either October or early November. The governor has yet to formally call a special session which could last up to a week.

The special session would allow the tax changes to take effect in January, instead of July, the start of the state's fiscal year.