

TRANSPORTATION

Higher taxes for cars, gas would go to roads, transit, O'Malley says

By Len Lazarick
Examiner Staff Writer

With 10 lanes of Interstate 270 roaring behind him in Gaithersburg, Gov. Martin O'Malley on Monday proposed higher taxes on car purchases, gasoline and corporations, with \$290 million in new revenues going to pay for needed transportation projects.

That's less than half of what business organizations have been lobbying for, but he said he wouldn't mind if the corporate community persuaded the General Assembly to pass an even higher gasoline tax.

O'Malley also pledged to take half the \$110 million corporate income tax increase he is proposing and dedicating it to higher education. "For the first time, we will have a dedicated source of funding for higher education," said University System Chancellor William Kirwan. "Higher education has always been a discretionary item," creating a roller-coaster of spending increases and cuts over the years. The new funds will help keep tuitions down.

In all, O'Malley would increase funds for roads and transit by \$392 million, partially through shifting



Gov. Martin O'Malley, right, Lt. Gov. Anthony Brown, center, and Montgomery County Executive Ike Leggett meet with other officials to announce a strategy to fund transportation projects and education. - Greg Whitesell/Examiner

funds, such as taking \$40 million in rental car taxes from the general fund. Titling taxes on cars and trucks would go from 5 to 6 percent, raising the price of a \$25,000 car by \$250. Gasoline taxes would also

be indexed to inflation in construction costs, raising another \$63 million each year.

"We are putting our best estimates of where we can find consensus of the 180, 190 members

of the General Assembly" to support a gas tax increase, O'Malley said when asked to explain why he didn't back the 10-cent gasoline tax favored by the **Greater Baltimore Committee** and Washington Board of Trade. "There is always the possibility that there may be a greater amount of consensus than we anticipate by the time we get to a special session."

"We'd like to be able to invest more," the governor said, suggesting the business community keep up its discussion of transportation needs.

O'Malley said the increase in the corporate tax rate from 7 to 8 percent would still put Maryland below the tax in Pennsylvania, D.C. and West Virginia, but his charts and handouts did not mention Virginia. "We will be a little higher than Virginia," O'Malley conceded. It would actually be one-third higher than Virginia's 6 percent.

Gigi Godwin, president of the Montgomery County Chamber of Commerce who attended the announcement, called the transportation funding "a good first start" but it largely goes for system maintenance. "We need additional capacity," she said.

lazarick@baltimoreexaminer.com