

MARYLAND

Title of Legislation: The Transportation Infrastructure Investment Act of 2013

Type of Legislation: House Bill 1515

Sponsor of Legislation: The Speaker–By Request of Governor Martin O’Malley

Summary: Maryland enacted a transportation gasoline/sales tax package that is projected to generate \$830 million per year for road and public transportation improvements. This law raises taxes on gasoline in stages over a four-year period – with a roughly 4-cent-per-gallon increase on July 1, 2013. More specifically, the law establishes a new 3 percent sales tax on wholesale gas, which will be introduced over a three-year period. This law will also automatically adjust the flat tax on gas to account for changes in inflation.

In January 2013, the gas tax in Maryland was the 29th highest in the United States, and the state of Maryland had not indexed its gas tax to keep up with inflation for twenty-one years. In March 2013, the Maryland General Assembly approved Governor O’Malley’s proposed legislation; the bill would increase gas taxes by 13 to 20-cents-per-gallon by 2016, according to legislative analysts. The first part of the gas tax may begin in July, with a 4 cents-per-gallon increase. As a result, this new legislation is expected to generate \$4.4 billion over the next six years and will be used to fund new transportation projects. State analysts estimated that without an increase in transportation funding, Maryland would only be able to maintain its transportation system after 2017, which means that Maryland would have been unable to continue new construction projects like Montgomery County’s Purple Line light rail and the Corridor Cities Transitway rapid bus line. The Red Line in Baltimore was part of the policy discussion, along with other highway projects in the rural parts of Maryland—including Dover Bridge and US 301/304 Interchange.

Another element of this bill involves transit fares, including the Baltimore system, MARC, and the commuter bus. These transit fares were statutorily mandated to increase with inflation. This issue helped gain support from moderate democrats who wanted to address criticism from the AAA, among others.

This law will implement a new 3 percent sales tax on wholesale gasoline and will be introduced over a three-year period. There could potentially be an additional 2 percent sales tax on gas if Congress does not pass an Internet sales bill. If Congress does not pass the Internet sales bill by 2015, then the 2 percent gas sales tax will be enacted. However, if Congress does pass this by 2015, this additional revenue would be reserved for Maryland’s transportation projects. The bill also will automatically adjust the flat tax on gas to account for changes in inflation.

As of July 1, 2013, motorists in Maryland will pay 27 cents-per-gallon, which is an increase from 23.5 cents-per-gallon before the law was implemented. This was a smaller increase than had been previously estimated by the Maryland Department of Transportation. 0.4 cents of the 3.5-cent increase will be part of the annual Consumer Price Index adjustment, and the remaining 3.1-cent increase reflects the new sales tax on gasoline.

After Governor O’Malley signed this bill into law, his administration released a series of project proposals, which totaled \$1.2 billion. These spending projects include a \$280 million proposal to design the new metro between Bethesda and New Carrollton, a \$100 million design project for a rapid bus line for the Corridor Cities Transitway, and a \$90 million project to widen part of the Baltimore Beltway.

Vote Breakdown

SENATE	REPUBLICANS	DEMOCRATS
YES	0	27
NO	12	8

The House Ways and Means Committee had jurisdiction over this legislation. After the committee voted 27-18, the legislation was then sent to the entire House of Delegates. The House of Delegates voted 76-63 in favor of this legislation.

HOUSE OF DELEGATES	REPUBLICANS	DEMOCRATS
YES	0	76
NO	41	22

Overview of Legislative Campaign

Gas Tax Trend Gains National Momentum. Many speculate that Governor O’Malley has plans to run for president, and after Virginia passed transportation legislation, this further motivated the Governor to ensure Maryland passed it as well. Governor O’Malley referenced Virginia’s recent passage of similar legislation to further bolster his argument. Other states throughout the nation have also passed similar fuel tax increases.

Transportation as a Priority for Governor. This bill was one of Governor Martin O’Malley’s legislative priorities. Governor O’Malley framed the gas tax debate, to a large extent, in pragmatic and economic terms. Because Maryland had not raised the gasoline tax —to keep up with inflation—in over twenty years, the current revenues were not sustainable to support future transportation projects throughout the state. He made the case that Maryland’s transportation was overdue for improvements, and he said that this would create jobs for Maryland.

Proponents of Legislation

- Governor Martin O’Malley
- The Maryland General Assembly members who supported this legislation argued that the legislation would help fund projects throughout Maryland. Senate President Thomas V. Mike Miller Jr. (D-Calvert) said that this is both “an economic issue and it’s a quality- of-life issue.”¹
- Business and Labor Leaders from Washington and Baltimore regions
- Greater Washington Board of Trade

• ¹ Wagner and Davis, *The Washington Post*

- Environmental Support: 1000 Friends of Maryland

Opposition

- **Change Maryland.** This opposition group mobilized people against the gas tax bill.
- **AAA Mid-Atlantic.** This motorists' association opposed the plan because it argued that the bill would use a disproportionate amount of the tax revenue raised from drivers and use it to fund mass transit projects in Maryland. The AAA spokesman, Mr. Mahloh Anderson, explained that "requiring motorists to pay virtually all of the proposed new revenue is not something we as a motorists' organization think is fair and can support."²
- **The Maryland Republican Party.** The Maryland Republican Party formally opposed the bill because of the tax increase while gas prices are increasing.
- **Rural Opposition.** Some General Assembly members who represented rural districts argued that this proposal burdened motorists to pay for mass transit projects.
 1. Senator David R. Brinkley (R-Frederick)
 2. Richard F. Colburn (R-Dorchester)
 3. Senator George C. Edwards (R-Garrett)
- **Automatic Adjustments for Inflation.** Some Republican opposition also focused on the fact that the bill had a provision that allowed for automatic flat tax increases to account for inflation. Minority Leader E.J. Pipkin (R-Cecil) said that "We shouldn't be putting taxes on cruise control."³
- **General Anti-Tax Sentiment.**
- **Regressive Tax.** Minority Leader E.J. Pipkin (R-Cecil) argued that this was a regressive tax that would hurt low-income people and rural farmers in Maryland.

² Wagner, March 15, 2013, *The Washington Post*

³ Wagner and Davis, *The Washington Post*

Lessons Learned

- **Maryland as an Outlier: Measure Lacked Bi-Partisan Support.**

Several other states that have passed similar gas tax transportation bills have done so with bi-partisan support. However, this was not the case with Maryland. *The Washington Post* Editorial Board wrote that “somehow Republicans in Annapolis did not get the word about the growing bipartisan accord nationally on the need to modernize transportation infrastructure — and the consensus that the gasoline tax is the most sensible way to raise the money. Essentially every Republican lawmaker in both houses of the General Assembly voted against Mr. O’Malley’s gas-tax legislation.”⁴

Polling Data, Results & Analysis

Poll #1: Gonzales Research & Marketing Strategies, Inc.

Gonzales Research & Marketing Strategies, Inc. conducted a poll from January 15, 2013 through January 20, 2013. 801 Maryland registered voters who vote regularly were interviewed by telephone for this poll.

The first question asked voters to express how important it is to maintain and improve roads, bridges, and other forms of transportation in Maryland. 94% of respondents throughout Maryland believed it was important to maintain and improve the state’s transportation system, while 6 percent of respondents did not believe this was important.

The second question asked voters how they would fund the maintenance and improvements to Maryland’s transportation system. When they were presented with a funding proposal which would support the maintenance and improvement of Maryland’s transportation system, 26 percent supported a 10 cent-per-gallon tax increase to be used for transportation projects and 73 percent opposed it.

	Favor	Oppose
Democrat	36%	64%
Republican	11%	89%
Independent	25%	75%
Male	24%	75%
Female	29%	71%

⁴ *Washington Post* Editorial Board, April 5, 2013

QUESTION: *How important is it to maintain and improve and maintain Maryland's transportation system, such as roads, bridges and public transportation?*

MARYLAND'S TRANSPORTATION SYSTEM	Number	Percent
Very important	449	56.1 %
Somewhat important	307	38.3 %
Not too important	41	5.1 %
Not at all important	3	0.4 %
No answer	1	0.1 %
Total	801	100.0 %

	MARYLAND'S TRANSPORTATION SYSTEM				
	Very important	Somewhat important	Not too important	Not at all important	No answer
GENDER					
Male	200 52.1%	165 43.0%	16 4.2%	2 0.5%	1 0.3%
Female	249 59.7%	142 34.1%	25 6.0%	1 0.2%	0 0.0%

	MARYLAND'S TRANSPORTATION SYSTEM				
	Very important	Somewhat important	Not too important	Not at all important	No answer
PARTY AFFILIATION					
Democrat	292 65.2%	133 29.7%	23 5.1%	0 0.0%	0 0.0%
Republican	97 40.6%	125 52.3%	14 5.9%	3 1.3%	0 0.0%
Independent	60 52.6%	49 43.0%	4 3.5%	0 0.0%	1 0.9%

	MARYLAND'S TRANSPORTATION SYSTEM				
	Very important	Somewhat important	Not too important	Not at all important	No answer
RACE					
White	294 50.7%	254 43.8%	28 4.8%	3 0.5%	1 0.2%
African-American	139 72.0%	42 21.8%	12 6.2%	0 0.0%	0 0.0%

QUESTION: *Would you favor or oppose a 10 cents per gallon increase in Maryland's gas tax rate to be used for transportation projects?(ROTATED WITH PREVIOUS QUESTION)*

GAS TAX INCREASE	Number	Percent
Favor	214	26.7 %
Oppose	582	72.7 %
No answer	5	0.6 %
Total	801	100.0 %

GAS TAX INCREASE	Number	Percent
Strongly favor	67	8.4 %
Somewhat favor	147	18.4 %
Somewhat oppose	108	13.5 %
Strongly oppose	474	59.2 %
No answer	5	0.6 %
Total	801	100.0 %

	GAS TAX INCREASE				
	Strongly favor	Somewhat favor	Somewhat oppose	Strongly oppose	No answer
<u>GENDER</u>					
Male	32 8.3%	61 15.9%	45 11.7%	243 63.3%	3 0.8%
Female	35 8.4%	86 20.6%	63 15.1%	231 55.4%	2 0.5%

	GAS TAX INCREASE				
	Strongly favor	Somewhat favor	Somewhat oppose	Strongly oppose	No answer
<u>PARTY AFFILIATION</u>					
Democrat	43 9.6%	117 26.1%	69 15.4%	216 48.2%	3 0.7%
Republican	9 3.8%	17 7.1%	26 10.9%	186 77.8%	1 0.4%
Independent	15 13.2%	13 11.4%	13 11.4%	72 63.2%	1 0.9%

Poll #2: Washington Post Maryland Poll

This Washington Post poll was conducted from February 21, 2013 through February 24, 2013, and respondents were presented with different tax increases to assess. 1,156 adults in Maryland were randomly chosen for this survey, and people were interviewed on landlines and cell phones.

The first question asked respondents how they felt about a 3 percent gasoline sales tax that would specifically be used for transportation projects. 26 percent of respondents were in favor of this proposal, while 72 percent were opposed to it and 1 percent had no opinion.

The next question asked about an increase in the general sales tax. Respondents were asked whether they supported or opposed a sales tax increase from 6 percent to 7 percent. 27 percent of respondents supported this, while 71 percent opposed this proposal. 1 percent of respondents said their answer would depend on the specific project, and 1 percent had no opinion.

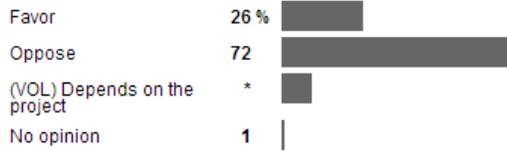
The third question asked respondents about how they viewed giving counties the opportunity to enact a 5 cent/gallon tax increase, and the revenue would still be reserved for transportation projects. 26 percent supported, 72 percent opposed, 1 percent said their decision depended on the specific project, and 1 percent had no opinion.

The fourth question asked voters about public-private partnerships. Respondents were asked if they would support the government leasing roads to private companies in order to use the money for transportation improvements and maintenance. 40 percent of respondents were in favor of this proposal, and 47 percent opposed it. Moreover, 11 percent of respondents did not have an opinion, and 1 percent said that their decision would depend on the specific transportation project.

The final question asked respondents about traffic congestion. 36 percent of respondents said that this was a major problem, 41 percent said this was a minor problem, and 22 percent said that this was not a problem for them.

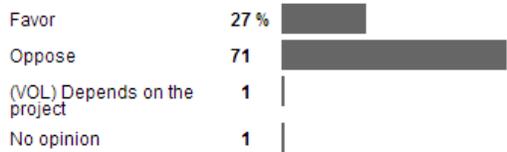
Q: Would you favor or oppose a new 3 percent sales tax on gasoline, if the money were used for transportation projects such as building roads, traffic management or public transportation?

[Hide Results](#) | [Detailed View](#)



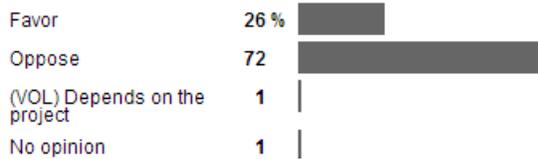
Q: Would you favor or oppose raising Maryland's overall sales tax from 6 percent to 7 percent, if the money were used for transportation projects such as building roads, traffic management or public transportation?

[Hide Results](#) | [Detailed View](#)



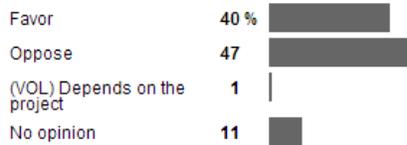
Q: Would you favor or oppose giving counties the option of charging an additional 5-cent per gallon gasoline tax, if the money were used for transportation projects such as roads, traffic management or public transportation?

[Hide Results](#) | [Detailed View](#)



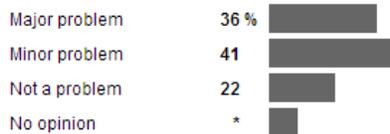
Q: Would you favor or oppose leasing the Inter-county Connector and other roads to private companies, if the money were used for transportation projects such as building roads, traffic management or public transportation?

Hide Results | [Detailed View](#) 



Q: How big a problem is traffic congestion in your area? Would you say a major problem, minor problem, or not a problem?

Hide Results | [Detailed View](#) 



Poll #3: The Washington Post (Abt-SRBI, Inc.)⁵

This 2012 poll sampled Maryland residents. The poll found that 48 percent of respondents supported a 5 cents-per-gallon state gas tax increase “if the money is used for transportation projects.” 26 percent of respondents supported a 10 cent-per-gallon tax increase, and 25 percent supported a 15 cent-per-gallon tax increase.

Poll #4: The Washington Post⁶

This 2007 poll sampled Maryland residents. 38 percent of respondents were in favor of a 10 cent-per-gallon state tax increase “if the money is used for transportation projects such as building roads, traffic management, or public transportation.”

⁵ “What Do Americans Think About Federal Tax Options To Support Public Transit, Highways, and Local Streets and Roads? Results from Year Four of a National Survey. “Mineta Transportation Institute. June 2013. <http://bt.ly/130Ekax>

⁶ “What Do Americans Think About Federal Tax Options To Support Public Transit, Highways, and Local Streets and Roads? Results from Year Four of a National Survey. “Mineta Transportation Institute. June 2013. <http://bit.ly/130Ekax>

Text of Legislation

House Bill 1515: <http://mgaleg.maryland.gov/2013RS/bills/hb/hb1515T.pdf>

Governor O'Malley's Version of House Bill 1515:

http://mgaleg.maryland.gov/2013RS/chapters_noln/Ch_429_hb1515T.pdf

Fiscal And Policy Analysis: http://mgaleg.maryland.gov/2013RS/fnotes/bil_0005/hb1515.pdf

Additional References

Change Maryland. <http://www.changemaryland.org/join-the-fight/>

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