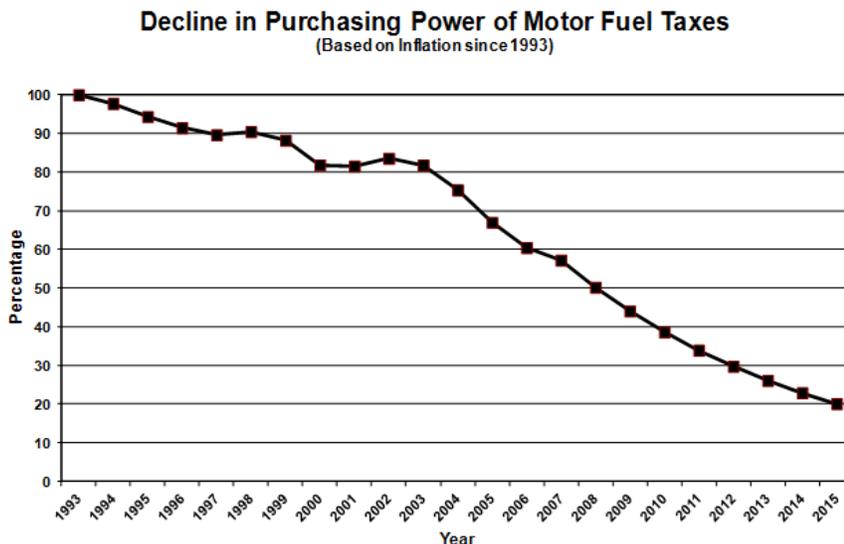


Investing in Roads, Bridges & Mass Transit...and Creating Jobs

“Our joint plan will support 44,000 jobs building, rebuilding, and repairing our roads, bridges, and mass transit.” -- Governor Martin O’Malley

Learn More: <http://www.governor.maryland.gov/costofinaction.asp>

- Governor O’Malley, Speaker Busch, and President Miller have put forward a consensus plan to increase investment in the State’s transportation system by an average of \$800 million a year once fully implemented.
- It is estimated that the plan will support **44,000 jobs** over 5 years.
- Business groups support the plan. “The unified support of the Governor and legislative leadership around a comprehensive funding proposal is essential to addressing the state’s growing transportation crisis. It is critically important to resolve this mobility crisis during the current legislative session for Maryland’s future economic growth, job creation and quality of life.” -- Donald C. Fry, President/CEO of the Greater Baltimore Committee
- This is a much-needed plan: Our state has some of the worst traffic congestion in the country:
 - Driving in this level of congestion costs the average driver in our Washington suburbs nearly \$2,200 a year.
 - In the Baltimore region, the cost of congestion is almost \$1,800 dollars a year.
- While congestion increases, our ability to address it decreases; that’s because the state’s gas tax is not indexed for inflation, and hasn’t been raised since 1992. This chart illustrates the problem:



- The package we are introducing today will actually **cut the gas tax** by five cents, from 23.5 cents per gallon to 18.5 cents per gallon.
- Additionally, the bill will:
 - index the 18.5 cents per gallon state gasoline tax to the Consumer Price Index (to be adjusted annually);
 - phase in application of the state sales tax on the wholesale price of gasoline -- starts at two percent July 1, 2013, and increases to four percent July 1, 2014;
 - devote a percentage of revenue generated by implementation of the federal Marketplace Equity Act—which, if passed by Congress, would enable states to apply sales tax to internet sales—to transportation;ⁱ
 - index transit fares charged by the Maryland Transit Administration to the Consumer Price Index;
 - enable us to issue General Obligation Bonds to fund federally required environmental improvements;
 - create a work group to study the creation of regional transit financing entities to support transit investments and services;
 - implement a “lockbox” to ensure that revenues generated remain dedicated for transportation purposes.

ⁱ If Congress fails to pass the bill, we would apply the final two percent of the sales tax to the wholesale price of gasoline to reach the full six percent level of the state sales tax.