

# STATE HOUSE NEWS SERVICE

## SENATE, GUV CONTINUE TANGO OVER TRANSPORTATION FUNDING

By STATE HOUSE NEWS SERVICE Staff

STATE HOUSE, BOSTON, MAY 27, 2009. Senate leaders indicated Wednesday that revenues from a 25 percent sales tax hike will enable Gov. Deval Patrick and the Mass. Turnpike Authority to prevent large toll hikes planned for July 1 and suggested they have had no further discussions about passing additional new revenues to address long-term transportation needs.

In a statement issued by her office Wednesday morning, Senate President Therese Murray said the governor on Tuesday had reiterated a “threat to raise tolls” on July 1 and said the Senate would not agree.

“The Senate refuses to support any toll increase,” Murray said. “The Senate intends to honor its agreement with the Administration, reached in March, to pass significant transportation reform and dedicate revenue for the Turnpike Authority and other transportation agencies to avoid toll increases. This is no time for scare tactics.”

The March agreement called for funding to support a reformed transportation system and long-term transportation needs. Patrick’s call for a 19-cent per gallon gas tax hike has faltered in the Legislature.

While transportation talks are dependent on House and Senate agreement, Murray flatly stated that transportation reform legislation “will be coming out of conference committee before the budget reaches the governor’s desk.”

“The public cannot be expected to take on any additional burdens, like a toll increase, when they are already being asked to make significant sacrifices for the greater good of the Commonwealth,” Murray added. “For that reason, the Senate rejected increases in the gas tax and the personal income tax. We must work together and stick to our plan to deliver promised reforms before necessary revenues are put in place.”

Patrick said he was “encouraged” by Murray’s vow to pass a reform bill before the Legislature finishes its fiscal 2010 budget, but he left the door open to a sales tax veto if lawmakers do not deliver him three satisfactory policy overhauls. Patrick reiterated his hopes for transportation, ethics, and pension reforms that meet his thresholds.

Asked about tensions with lawmakers, which in recent weeks have been characterized by public statements discordant with meetings often described as harmonious, Patrick said, “I don’t think you’re getting nastygrams from me ... The tit for tat is not why I’m here, and quite frankly I don’t think it’s what the Senate president or the speaker are focused on.”

The governor has said he would veto the 25-percent sales tax hike passed by the Legislature if it reaches his desk before the policy legislation, and on Tuesday warned that Turnpike tolls would climb if he did not see reforms.

Asked Wednesday during a media availability outside his office if he were confident he would receive the adequate reforms in time, Patrick said, “I think we’re working on it.”

The turnpike sets toll rates and it's unclear whether the Senate would intervene if the turnpike board attempts to implement the scheduled increases on July 1. Asked about potentially freezing tolls, Senate officials said there's no toll freeze bill before the Senate.

Sen. Karen Spilka (D-Ashland) emphasized that even though the Legislature's budget proposals would appropriate \$100 million to prevent toll increases on the turnpike, it's up to the governor and his appointees on the turnpike's board to accept that funding.

"What the administration or the turnpike does with it, we can't force them to use it," said Spilka, whose Metrowest district would bear the brunt of such toll hikes. "There is money in both the House budget and the Senate budget to prevent the toll hikes. It's the turnpike board – they have to vote to take the money."

Patrick controls the board of the turnpike authority, having appointed three of its five members. Spilka, as well as Sen. Anthony Petrucci, whose East Boston district would be hit hard by tunnel toll increases, suggested that if toll hikes are averted this year, they wouldn't be slated to go up again until about 2014.

A spokesman for the Senate President said the Senate agrees that "\$275 million should be enough to address immediate problems at the T and the turnpike. We also think it's enough to avoid the need for a toll increase effective July 1. As part of the [transportation] conference deliberations, the conferees are assembling a scenario of transportation-related revenues and expenditures. This scenario will inform any future discussions of revenues."

In addition, the spokesman, David Falcone, said, "The \$275 million is recurring. It will be taken off the top of the sales tax every year and dedicated to transportation. That's \$5.5 billion over 20 years in addition to the estimated \$6 billion in savings from transportation reform."

An independent commission in 2007 estimated the state's long-term transportation financing needs at between \$16 billion and \$19 billion over 20 years.

The governor has ruled out the prospect of combining a broad-based tax hike and higher tolls. He said he hoped for "real change before revenue. We are on a course to do that. Now the question is closing the deal."

Lawmakers continue to insist that Patrick is distorting their performance, pointing out that both branches have passed their own versions of the bills and are working toward compromises.

"It was the Senate president's stated goal – initially, before anybody else did it – that we needed to demonstrate to the public that we would make government more efficient, and we're doing so," said Sen. Jack Hart. "He's going to see reform on his desk – more than likely, and he knows this – before the budget conference committee finishes ... The governor, whom I admire, has people believe we're not in reform mode, when, in fact, we've already done the bills. So that might be a little disingenuous."

The issues of toll and fare hikes and transportation reform and revenues have roiled Beacon Hill this session.

Rep. Lori Ehrlich (D-Marblehead) says her constituents commuting to work in Boston and using turnpike-controlled tunnels face \$1,800 each in new annual toll costs if the planned increases take effect. She said the pending \$275 million in expected sales tax revenue earmarked for transportation is "more than enough" to address potential impending toll and fare hikes but is "merely a Band-aid."

Ehrlich says the fundamental issues that require solutions are toll equity – easing the burden of Big Dig funding on Metrowest and North Shore tollpayers – and the potential unconstitutionality of using nearly 60 cents of every toll

dollar to cover Big Dig costs rather than the cost of turnpike services.

“It’s up to our elected leaders to clear away the smoke so our citizens do not confuse the fundamental requirement for toll equity with the needed discussion of how we can fairly share the Big Dig burden,” Ehrlich writes in a piece to be published in a Marblehead newspaper Thursday.

The administration has suggested that the \$275 million is about enough to address immediate problems at the T and the turnpike, but not enough for long-term financing commitments, which were included in the March agreement between Patrick and legislative leaders, which was outlined in a press release.

The House and Senate budgets offer clues as to how the new transportation funds would be handled.

The Senate budget requires the state comptroller to establish a monthly schedule of transfers from the state’s general fund to a new “Transportation Investment Fund.” Those transfers, according to the budget, shall total \$275 million per fiscal year. Under the Senate proposal, the comptroller must establish this schedule in consultation with the secretary of administration and finance and the treasurer “to minimize adverse impact on the Commonwealth’s cash flow.” That schedule must be divulged to the Legislature at least 30 days before the first scheduled transfer, and any changes to the schedule must be relayed to lawmakers 30 days in advance.

The Senate imposes a slew of restrictions on how the transferred funds may be applied. For example, funds that support the MBTA must be accompanied by payments to regional transit authorities of at least 20 percent of the amount supplied to the MBTA. Funds for the Massachusetts Turnpike Authority must be sufficient to pay obligations to the agency’s bondholders. However, no funds shall be transferred to the turnpike authority in any year in which the authority approves a toll hike, “or the two following fiscal years.”

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