

The Boston Globe

THURSDAY, SEPTEMBER 27, 2007

THOMAS H. TRIMARCO

The bumpy road ahead

IF THE governor and Legislature increased the state's operating budget by 20 percent in one year, taxpayers would be rightfully up in arms. Yet the Patrick/Murray administration did just that to the annual capital spending budget in its "Five-Year Capital Investment Plan," and there has been a collective yawn from the body politic.

As night follows day, it is certain that the somnolence of the public is about to be disturbed by calls for a higher gas tax and toll increases to meet transportation and other unmet capital needs. The recently released recommendations of the Massachusetts Transportation Finance Commission are harbingers of revenue-raising efforts.

What should be the appropriate reaction by a concerned and informed citizenry? We can start with appreciation to the governor for his plan and to the finance commission for its report and recommendations.

The administration's plan brought a transparency to the arcane capital-spending process that has not existed before. It candidly describes the daunting challenge of funding the state's capital needs, including transportation infrastructure and the multibillion backlog of maintenance for existing capital assets.

For example, state agencies identified \$15 billion of capital spending needs for fiscal 2008 through 2012. The governor's plan concedes that only \$12 billion is affordable but it does not address all of his public infrastructure priorities, particularly investments in transportation infrastructure. The plan also acknowledges that deferred maintenance at state facilities has reached startling levels and concludes that it does not have the resources available to increase funding for maintenance.

In light of these unmet needs critical to the economic well-being of the state and to our quality of life, the increase of the bond cap to \$1.5 billion in this fiscal year and growing to \$2 billion in fiscal 2012 should be supported. The administration's intention to annually revisit the bond cap to ensure that debt service does not exceed 8 percent of annual budgeted revenues as a reasonable affordability benchmark is laudable and responsible.

Still, we are left with the disconcerting conclusion that the expenditure of \$12 billion over the next five years does not cover the costs of both transportation infrastructure and our burgeoning deferred maintenance needs. Now what?

The Transportation Finance Commission hit both the infrastructure and maintenance shortfalls head on and made a series of recommendations to fund the gap over a period of 20 years. Its first principle is to reform, a politically astute priority indeed. No one should expect the public to be supportive of revenue-raising measures if waste in the system goes uncorrected.

Reforms must take place, but the public should not expect that these measures are the cure-all to the state's unmet needs. In fact, if all the changes proposed by the finance commission are enacted (an unlikely occurrence), less than 15 percent of the funding gap is closed. Among the revenue-raising measures called for by the commission, the raising of the gas tax and indexing it going forward to inflation is a public policy no-brainer. But since it involves the "T" word it is considered a political third rail.

On the policy side, the gas tax is the most efficient method of raising revenue; it costs less than a small fraction of a penny for each dollar collected, as compared with almost 25 cents for each toll dollar collected at our bridges, tunnels, and roadways. The gas "tax" should be considered a user fee rather than a general tax raising

measure, particularly if all such collected revenues go to transportation infrastructure needs.

On the political front, it is encouraging that a legislative leader recently said, "everything should be on the table." Making overdue reforms and increasing the gas tax can and should be considered sound public policy as well as good politics.

Thomas H. Trimarco, *state administration and finance secretary during the Romney administration, is a senior vice president at O'Neill and Associates.*