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Floreen proposes tax on parking spaces

Levy would raise money for transit projects

by Janel Davis | Staff Writer

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A proposal to charge a \$250 per space parking fee to help pay for infrastructure and improve the environment could be good in theory but the Montgomery County Chamber of Commerce and some businesses question the timing of the proposal.

With the state and county facing fiscal problems, the proposal is designed to provide the county with a dedicated funding source for transit projects.

Councilwoman Nancy M. Floreen has floated the idea to the county's chambers, civic and environmental groups, to get feedback on the proposal that was originally recommended in October by an infrastructure financing work group.

"If we are committed to addressing climate change needs and addressing transportation infrastructure needs, we clearly need to look at ways for reliable source funding for transit," said Floreen (D-At large) of Garrett Park.

The proposal covers spaces that are used at least 90 days a year for business parking. Businesses owners that offer spaces and owners of commercial parking spots would pay an annual excise tax of \$250 per space. The fee would also include each parking space in a paid parking area.

The proposal is estimated to generate \$75 million each year in dedicated funding for transit construction projects. Excise tax payers could reduce by half the taxes due if they agree to a traffic mitigation agreement, including requiring all employees to pay commercial parking rates, giving employees discounts for mass transit fares and offering preferential parking spots or rates for carpools and vanpools.

In addition to providing a dedicated funding source, the legislation is also intended to encourage drivers to abandon their cars for transit options by offering credits to business that implement transit and carpooling incentives.

The idea has been met with mixed reaction.

"Timing is everything. The cost of doing business in Maryland has escalated in the past year, not just as a result of increasing energy, health care and other costs, but also because of multiple rounds of tax and fee increases," wrote Georgette "Gigi" Godwin, president of the Montgomery chamber, in an e-mail to The Gazette.

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Godwin cited fees included in the county's revised Annual Growth Policy; as well as corporate income tax hikes, a jump in the personal income tax rate and sales tax increases passed by the state legislature. The proposal was mentioned informally during a chamber land use committee meeting this week.

"Montgomery County must remain competitive on a local, national and global basis. We need to ask ourselves is this proposed legislation creating more problems than it solves? Secondly, does it enhance our ability to compete regionally and globally?" Godwin wrote.

If the bill is introduced to the full council, the chamber's Legislative Affairs Committee and board of directors will decide on the "appropriate course of action," Godwin said.

Other businessmen echoed the chamber's concern over timing.

"The timing of something like this is not good," said Bruce H. Lee, president of Lee Development Group in Silver Spring. "It was recently mentioned that the state is number 4 in the nation as far as the amount we pay in taxes. We're going to get to number 1 quickly with these kinds of proposals and I don't think this is where we want to be."

On just the lot beside the company's headquarters on Colesville Road, Lee estimated the company would have to pay almost \$55,000 each year in excise taxes for its 220 hourly and monthly parking spaces. The extra cost would be the equivalent of doubling the property tax that the company pays for the property, Lee estimated.

"Another one of our lots is 750 spaces. That's a lot each year that we would have to find. That would kill us," he said.

Some in the county remember a similar parking tax proposal during the administration of former County Executive Sidney Kramer between 1986 and 1990.

Reached this week, Kramer could not remember the initial proposal, but disagreed with the current plan.

"I certainly would have resisted it back then and would certainly suggest that the council do likewise this time," Kramer said. "I understand the council and executive are facing huge deficits, but this should not be a source because ultimately that comes back to the taxpayer."

For Floreen, the excise tax proposal adds another option to the county for funding transit projects. Two years ago she and then Councilman Steven A. Silverman sponsored a plan to use liquor bonds to forward fund state road projects in the county.

"I'm always on the lookout for ways to fund things that do not go on the backs of the residential property taxpayer," she said. "This is another way in helping fund our transit initiatives. We're looking at how do we get there from here, and given the budget challenges ... a reliable source of transportation funding is imperative. This is the next frontier."

The county's environment groups are generally on board with the transit parts of the plan.

"Generally speaking we do support improving public transit as a way of giving people more options as a way of moving around the country," said David Hauck, chairman of the county's Sierra Club. "The aspect of raising money for more public transit is a positive, we support that."

The organization has not yet taken a formal position on the proposal and has not delved into the excise fee aspect of the plan.

Wayne Goldstein, former chairman of the Montgomery County Civic Federation, would personally agree with the proposal if it is introduced as a package with policies that would release new developments from including a specific number of parking spaces.

"I have felt that if we're going to do anything about traffic and the emissions we have to figure out ways to get people out of their cars. And that doesn't just mean making it unaffordable to park or drive; but to also give them the transit," said Goldstein. "[But] unless it's brought forward as a package of reforms, I see this being seen as a general revenue generator."

County Executive Isiah Leggett (D) is withholding judgment on the proposal. Like other observers, he is concerned with

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the timing of the legislation.

"I'm not sure right now that an added cost would be acceptable in the current fiscal environment," he said.

Floreen said she expects the council to begin discussing the proposal sometime this fall.

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