



The Escape Velocity Revenue Generation Strategy

The current convergence of crises in Maryland's transportation funding and public transit investments has elicited a number of proposals in the legislature and administration. However, to date, the proposed measures are inadequate to solve and surmount the crises.

The Baltimore Transit Equity Coalition (BTEC) proposes the execution of the Escape Velocity Revenue Generation Strategy (EVRG).

Escape velocity is the propulsion power needed to escape the earth's gravitational pull when "shooting for the stars" as Governor Moore frames his ambitions for Maryland.

The Escape Velocity Revenue Generation Strategy (EVRG) envisions a suite of high-impact revenue generating measures. The strategy anticipates an effective collaboration between Governor Moore and the legislature.

Guiding the strategy is a suite of revenue measures centered on the capture of taxable, private sector investments in the strongest revenue generating project available, the completion of the Red Line light rail transit (LRT) project as an LRT project. There is no project in the Baltimore region or the state that will generate \$3.0 - \$6.5 billion in equitable Transit-oriented development (eTOD), 10,000 jobs, improved

transit equity, reduced commute times, defense against climate change, and 3,000 permanent jobs.

Taxable private sector investments committed to public transit system expansion have not been activated in the Hogan-era to construct and operate the Red Line LRT project. The project has been framed since its cancellation in 2015 as a massive taxpayer expense. However, when executed as an investment project based in private sector contributions, it becomes clear that the Red Line LRT with its transformative eTOD economic power is the “Goose that will lay the golden eggs.” There is no such revenue generating propulsion power in a bus rapid transit (BRT) or any other transit project on the legislative or administrative tables.

The Escape Velocity Revenue Generation Strategy requires an assertive entry by Maryland into the General Obligation and non-General Obligation bond markets accompanied by federal loan and grant programs, and private sector monies. An increase in the state’s debt limit may be required.

Transportation projects that will not generate revenues, such as highway-widening, will be cancelled or suspended “until further notice.”

EVRG will pay down bond debt service, generate jobs, improve transit equity, attract eTOD, and build the only economic development project on the twenty-five-year horizon capable of confirming the industry maxim, “Development follows rail, while buses follow development.” BTEC has shared the Escape Velocity Revenue Generation Strategy with the state’s Comptroller, Treasurer, and leaders of the General Assembly. The strategy’s roll-out continues.

Without escape velocity, the current crises form an abyss of economic and development collapse. The sinkhole grows deeper and wider. New parking rates at BWI-Marshall and higher highway user revenues are examples of modest increases in transportation service fees that are being considered. Unfortunately, they will yield only modest and insufficient revenue increases. Critical cuts in transit services have also been proposed. However, as Delegate Stephanie Smith, Chair of the Baltimore House Delegation states, "We cannot cut our way to solvency." We need bolder solutions.

An example of the strategy was executed in 2021, when Maryland conducted a General Obligation bond issue of \$1.4 billion to salvage and retain the \$12.0 billion in committed TOD projects along the Purple Line LRT corridor. Borrowing \$1.4 billion to save \$12.0 billion in taxable private sector investments kept the Purple Line LRT alive. EVRG will also generate Maryland's share of the state's contribution to the costs of completion of the Red Line LRT. The funds are to be available and dedicated to the Red Line LRT project at FTA's "cash call" within the coming year as the steps to completion and approval of the LRT project advance.

In the last gubernatorial administration, cancellation of the Red Line LRT project led to an economic retreat from which the state has not recovered. Taxpayers funded all former Governor Hogan's projects. Instead, EVRG is propelled by taxable private sector investment establishing a clear, long-needed demarcation between the Moore and Hogan eras. The strategy will provide taxable revenues, jobs, transit equity, and new quality of life opportunities for the next 5 – 6 decades and beyond. As Governor Moore exclaims, "This is Baltimore's moment."

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