

# **COMEBACK TAX — Bottle Bill, believed beaten, bounces back**

## **POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM ALSO REVISED**

By Alan Z. Forman, *Investigative Voice*, June 22, 2010

At a marathon City Council meeting that didn't end until almost 9:30 p.m. Monday night, the previously defeated bottled-beverage-container tax was reintroduced and passed — by a comfortable vote of nine to five — for final consideration at a special session scheduled for Thursday afternoon.

Less than a week ago the legislation had been given up for dead when last Thursday it failed to pass by a tie vote of 7-7.

Two members changed their No vote to Yes: Helen Holton (D-8th), who motioned at the council's regular Monday meeting that the bill be brought up for reconsideration, and Warren Branch (D-13th), who had surprised everyone by previously voting against the bill last Thursday.

Also passed by the council at the marathon session was legislation providing for major changes to the police and firefighters' retirement system, causing many to wonder if the city's cops and firefighters would now become less conscientious about doing their jobs.

In addition, the council passed a complete package of 29 bills to offset the doomsday scenario presented by Mayor Stephanie Rawlings-Blake when she presented her original budget proposals to the 15-member legislative body three months ago.

## **BALANCED BUDGET REQUIRED BY LAW**

The 29 supplemental appropriations to balance the budget — which is required by law — and effectively resolve a \$121 million deficit in the city's \$2.2 billion budget were initially passed after the Board of Estimates, meeting between the evening's sessions of the council, approved the measures. A number of the Supplementary General Fund Operating Appropriations were dependent on the bottle tax for funding, even though the council had not yet decided to reconsider the controversial measure.

The legislators recessed so that Council President Bernard C. “Jack” Young could attend the BOE meeting, then reconvened after the board considered the appropriations, recessing a second time to move the appropriations bills to 7th District Councilwoman Belinda K. Conaway's Committee on Budget and Appropriations for approval.

After Conaway and the committee voted out the 29 bills, the council then convened for a third time to vote again on them. It was at that point that Holton, who had previously voted against the non-reusable beverage-container tax, asked the council to reconsider its

vote, adding two amendments: First, that the tax be changed from four cents per bottle to two; and second, that it remain in effect for just three years, after which it will be abrogated.

The two amendments — which represent a compromise between the administration and the council — and then the bill were voted favorably, to receive final consideration at a special session set for Thursday at 3 p.m. The tax is expected to raise approximately \$5.7 million, help fund street cleaning and trash collection, and prevent the layoff of some 47 city workers.

“I’m ashamed and I’m embarrassed,” Councilman Nicholas C. D’Adamo Jr. (D-2nd) told his colleagues on the council. “Your word is your bond,” he said, directing his gaze toward Holton. “It’s a shame to hurt small businesses [that are expected to suffer because of the tax on soda bottles] when we could have gone after the nonprofits. Not the small nonprofits,” he said, “but the large universities and hospitals...

“It’s unfair to the citizens of Baltimore. Last week it was dead,... we should have put this to rest...

“Twenty million dollars over six years is a sweetheart deal,” he declared in reference to the terms negotiated with the city by Johns Hopkins University and Hospital, among others, to avoid having the council pass a bed tax that the universities and hospitals would have to pay in perpetuity.

### **'WOULDN'T HAVE NEEDED THE BOTTLE TAX'**

Following the meeting, D’Adamo told *Investigative Voice*, “We’d have gotten more from them [the hospitals and universities, had the city not agreed to terms], and wouldn’t have needed the bottle tax.”

“Is this the way we’re going to conduct business in the future?” he asked his fellow councilmen and women.

“Are we going to change our votes repeatedly in the future, like on this bill?”

D’Adamo was also highly critical of the passage of police and firefighters’ retirement system reform, for which the council voted final approval Monday night. The unions gave up a once-lucrative variable benefits package and the ability to retire after 20 years in return for a guaranteed two percent cost-of-living adjustment.

D’Adamo and others worried that as a result of an altered pension plan they did not want and vehemently opposed — even filing suit against the measure — police officers and firefighters would now have less incentive to do their best work for the city.

“We just shot them in the heart by taking away their ’20-and-out,’ ” D’Adamo told the council. “I feel we and the [Rawlings-Blake] Administration should open up the door” instead of slamming it shut, he said.

“[Police and firefighter] morale is the lowest I’ve seen in the City of Baltimore,” he lamented, although he said he believed it was not the mayor’s fault, as many have claimed.

The changes to the retirement system were passed by a vote of 9 to 5.

Explaining her changed vote on the bottle tax, Holton, who had met with the mayor late in the day, shortly before the council meeting began, apologized to the residents of her district, who she had had asked her by a margin of “60 percent to 40 percent” not to approve the legislation.

She said that in the end she felt it was more important for her constituents to have their streets cleaned and trash picked up regularly — two of the services Rawlings-Blake had threatened to cut if enough revenue could not be raised by her proposed taxes, including the beverage-container tariff.

### **COUNCIL SHOWED 'A LACK OF COURAGE'**

Sounding as if she still opposed the bottle bill, which she said in the past had “proved to be a regressive tax,” Holton said the council showed “a lack of courage to cut from the top and not from the bottom,” and pledged that “This is the last budget I’ll support where labor is the sacrificial lamb...

“Is this a proud moment for me?” she asked rhetorically. “No... there are no winners here.

“It is about the money. Nothing more and nothing less.”

It was also about intensive lobbying by the Rawlings-Blake Administration, which did not want to have to explain a failure of the mayor’s centerpiece legislation. Earlier in the budget process the mayor pressured Holton and Councilman William H. Cole 4th (D-11th) to introduce her legislative proposals in lieu of the council president, causing Holton to complain privately about being put in an awkward position by Rawlings-Blake.

Said the mayor: “Together, we confronted this crisis with honesty and shared sacrifice. We made the tough choices necessary to protect our core priorities — public safety and public education,” without increasing property taxes to balance the budget.

“Now, the budget will fully fund our obligation to public schools, maintain every single police officer, reduce fire company closures, and keep all of our community libraries open — without raising property taxes.”

It also will prevent “up to 355 layoffs,” she said.

Holton’s vote would have moved the bottle bill to final reading Thursday by a margin of 8-6, with Council President Young abstaining because he has a cousin who is a lobbyist for a beverage distributor, which Young has said he considers a conflict of interest.

Having a husband who leads a union that represents city workers and thus heavily favors the legislation however did not stop Councilwoman Sharon Green Middleton (D-6th) from voting Yes on the bottle bill. The councilwoman's husband, Glenard S. Middleton Sr., is executive director of Maryland Public Employees Council 67 of the American Federation of State, County and Municipal Employees (AFSCME), president of Maryland Public Employees Local 44 and international vice president for the Capital District (District of Columbia, Maryland, Virginia and West Virginia) of AFSCME, and vice president of the Maryland-DC AFL-CIO.

### **BRANCH SURPRISED NEARLY EVERYONE**

Councilman Branch surprised nearly everyone in the chamber — for the second time in less than a week — by also changing his vote to Yes, causing one startled council member to exclaim loudly, “Oh s\*\*t!”

Branch said he was changing his vote in order to save 50 jobs in the Department of Public Works, where he was employed for more than 23 years. Last week he said he was voting No because his constituents had told him to, denying any lobbying influence. His vote brought the margin in favor of moving the bill to final reader to 9-5.

The bill’s passage Thursday will represent a failure for local retailers and beverage industry lobbyists, including Bruce Bereano, who has been in attendance at virtually all the meetings when the council has considered the bottle tax and who, most observers believe, was the driving force behind Branch’s surprise vote against the bill last week.

Bereano is believed by many to have helped Branch get elected to the council, who also believe Branch feels he "owes" the prominent lobbyist. In addition, there is a large Coca-Cola bottling plant in Branch's district. But whatever those reasons, Branch changed his vote to Yes on Monday night.

Unlike Baltimore, beverage industry lobbying has been successful in quashing similar bottle taxes proposed in Washington, D.C. and Philadelphia.

Said Councilman Cole: “I couldn’t figure out a way to solve these problems without doing what we’re doing today... Regretfully I vote Yes.”

In so doing, Cole said, he was “saying goodbye to some good friends.”

Regarding the pension overhaul, which Rawlings-Blake has said will save the city more than \$65 million in the coming fiscal year alone — totaling nearly \$400 million over a

five-year period — as well as prevent more than 350 layoffs of city workers, one member of the police and firefighters’ contingent said it was “a sad day for law enforcement in Baltimore City.”

It will be much more difficult now to attract and retain police officers and firefighters to Baltimore City, another said, citing Baltimore County salaries, which are "more than \$30,000 [a year] higher than ours." The city's now-unaffordable pensions were originally instituted to enable Baltimore to compete with surrounding counties and other states for good employees.

Bob Sledgeski, president of Baltimore Fire Fighters Local 734, told *I.V.* he felt “horrible.”

But Gene Ryan, vice president of the Baltimore Fraternal Order of Police, Lodge #3, took a more optimistic view, promising:

“When the economy gets better, we’ll be back.”