

MARYLAND TAXPAYERS ASSOCIATION

Week of Mar 30 - Two Weeks To Go!

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The **budget** was passed. It now stands at \$40.4 billion, 1.8% higher than the current fiscal year’s budget.

For more than a century, the political parties have taken opposite sides regarding spending and taxes (including regulations and fees). To date, the spenders have been winning while depending on higher taxes. The spenders are the redistributionists from rich to poor in an effort at equalizing income. Meanwhile, the unintended consequences work to make the middle class poorer. The low taxers choose economic growth and upward mobility.

The Senate President’s **Rain Tax Repeal**, SB863, has passed the Senate and will be heard in Environment & Transportation on Apr 1, and will probably become law. It makes optional the Rain Tax in the 9 counties plus the city, but the mandate for improvements still stands. It seems that heavy rains run into storm drains overloading the same pipes that carry human waste, etc, for processing. As a result, some of the nasty stuff spills into our waterways, making it obvious that the system still needs improving. After decades of taxing to “Save the Bay,” we need to see that the systems will really be improved and that none of our money will be wasted. Each jurisdiction also needs to assess the necessity of current taxes to get the job done.

The war on business

Maryland sits on the Marcellus Shale in the west and the little known Taylorsville Basin, which runs from Annapolis south through southern Maryland into Virginia. Yet it appears that the spenders also don’t want the business opportunity of **fracking** in our oil rich state. A three year moratorium has been under consideration as are ultra-heavy handed regulations (SB458, Apr 1, Environment & Transportation) despite the pleas of Western MD legislators. Already there is a movement in Western MD to secede. Note that there is also a secession movement in New York, which has given a flat no to fracking.

Another example of this war is the **Hotel Reservation Tax** (SB190, Apr 1, Ways & Means). The proponents argue that it will close a sales tax loophole. Arguments from both sides, large hotel chain proponents and online reservation company opponents,

leave one still questioning which side is right. Currently, the issue is being litigated in court, yet there has been no indication that other states do this. Perhaps this issue should be left alone for now.

Finally, SB896 (Apr 1, Economic Matters) would establish the **Military Personnel and Veteran-Owned Small Business No-Interest Loan Fund**. A similar program has existed since 2006. So far, \$1.4 million has been loaned. The fiscal note makes no mention of delinquencies and zero interest sounds risky especially since \$300,000 in additional annual funds are being proposed. Those who have served deserve our utmost respect and thanks, nevertheless is no-interest lending good business for taxpayers?