



SAVE OUR STATE

A More
Balanced
Approach
for Our
Future

www.saveourstatemd.org

MEMORANDUM

To: Governor Martin O'Malley, Members of the State Senate, and Members of the House of Delegates
From: Save Our State Coalition
RE: *Maryland needs jobs, growth, and revenue—not more cuts!*

Over the last several months, thousands of Marylanders have participated in the community conversations that our coalition has held across the state. They described how their families and communities are feeling the pressure because of the \$7.5 billion in state budget cuts made during the last six years. These cuts have led to increased unemployment and less attention and care given to those who need it the most. Their message was clear: Maryland needs growth and jobs, not more cuts. They called for action from our elected leaders to support progressive, fair, and meaningful tax reform that will generate the revenue we need to protect vital services, such as schools, public services, and health care.

Therefore, although the Save Our State Coalition recognizes the revenue measures proposed by Governor O'Malley in his FY13 budget, we know that we still have a long way to go. We call on legislators to support the following measures that will ensure tax fairness and raise needed revenues:

CLOSE ALL CORPORATE TAX LOOPHOLES

As corporate profits return to pre-recession levels, it is imperative that multi-state corporations pay their fair share of taxes and enact other provisions to prevent corporate profits from escaping taxation. We support passing Combined Reporting and legislation that addresses the “throwback rule” and allowances to tax non-operational income.

RESTORE TOP TAX BRACKET ON INCOME OVER \$1 MILLION

The only Maryland taxpayers to receive a tax break in the last two years have been Maryland's millionaires. It makes no sense to give breaks to the wealthiest citizens while services are being cut for Maryland's middle class. We must restore the millionaires' tax bracket.

EVALUATE ALL TAX CREDITS

Just like it was prudent for Governor O'Malley to lead an administration-wide review of government regulations in 2011, it is necessary for the state to systematically review the \$3.5 billion in tax credits provided annually. We should keep the credits that work and end the ones that no longer provide value for the state and Maryland taxpayers. This is good government, transparent accounting, and smart accountability and must be enacted this session.

APPLY SALES TAX TO NON-ESSENTIAL SERVICES

Maryland's sales tax applies principally to purchases of tangible goods, as opposed to services. We must align our tax policy with our economic patterns and establish a sales tax to cover non-essential services.

The budget cuts have been made.

It is time to put the balance in a “balanced approach” to keep our quality of life secure, and our jobs here.

SAVE OUR STATE SPONSORING ORGANIZATIONS

Advocates for Children and Youth • Maryland State and DC AFL-CIO • AFSCME-MD • AFSCME Council 67 • AFT Maryland • Maryland and DC Alliance of Retired Americans • Maryland Budget and Tax Policy Institute • Maryland Education Coalition • Maryland Nonprofits • Maryland Retired School Personnel Association • Maryland State Conference NAACP • Maryland State Education Association • Progressive Maryland • SEIU Local 500 • SEIU Maryland and DC State Council • UFCW Local 1994 MCGEO