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*Democracy Dies in Darkness*

## Leading Maryland Democrats: No rate hikes to income, property or sales taxes in 2020

By Erin Cox

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Maryland's new legislative leaders flatly ruled out raising income, property or sales tax rates this year to pay for sweeping education measures.

The declarations from new House speaker Adrienne A. Jones and incoming Senate president Bill Ferguson means policymakers will search elsewhere for hundreds of millions of dollars to launch an effort designed to make Maryland's public schools the envy of the world.

In separate interviews with The Washington Post this week, the Democratic presiding officers each vowed to pass the entire costly education package, known as the Kirwan plan, without resorting to traditional tax hikes.

"It's not necessary," said Jones (D-Baltimore County), who was elected speaker in May.

The comments rebut one of Gov. Larry Hogan's toughest rhetorical barbs about the proposal — that the measures are tantamount to a \$6,000 income, property

or sales tax hike for Maryland families. A spokesman for the Republican governor declined to comment Friday on the Democrats' promise not to raise those tax rates.

The Democratic leaders each said Maryland's outdated tax code overlooks key elements of the digital economy and suggested that some of today's tax-free Internet commerce could soon be taxed to help pay for the measures.

Digital downloads and subscriptions to streaming services such as Hulu, Netflix and Amazon Prime Video, for example, are not subject to the state's sales tax.

"We are going to have a variety of revenue options on the table that are not increasing the property tax, they're not increasing the sales tax rate, they're not increasing the income tax," said Ferguson (D-Baltimore City). "They're targeted revenue measures that really better match the modern economy."

Maryland has already moved to tax some Internet commerce. The state saw an \$80 million windfall last budget year after the Supreme Court ruling in *South Dakota v. Wayfair* paved the way to tax retail purchases from out-of-state Internet sellers.

Ferguson and Jones, however, declined to identify specific ways they plan to come up with roughly \$825 million a year to pay for the first stage of measures, saying those details will be revealed at some point after the General Assembly convenes Wednesday for its annual 90-day session.

Speaking in general terms, they said options such as expanding the taxation of Internet commerce, legalizing sports betting and discontinuing some business tax credits — in addition to money from casinos — could collectively generate enough cash to launch the first three or four years of the program.

They did not offer plans to pay for the full implementation of the education measures, which are expected to cost \$4 billion per year a decade from now. Until this week, they had not publicly ruled out any tax hikes to raise revenue.

Among other things, the interrelated Kirwan measures would raise teacher pay and training standards, provide free preschool to nearly all Maryland children, funnel more resources to poor and special-needs students, create job training programs, and implement tougher accountability rules for local districts.

The proposal has been the subject of sharp partisan debate for months. Hogan has criticized it as “pie in the sky” and too expensive, vowing to “battle” Democrats over potential tax increases. His political action organizations have been raising millions to help sway public opinion against the proposals, according to internal campaign documents.

Ferguson did not rule out bigger changes to the tax code to pay for fixing public education. He pointed out that the Maryland Constitution promises to every child “a thorough and efficient” system of public schools and said that lawmakers are obligated to create one.

“Fundamentally, we can’t fund a 21st-century education system with a 19th-century tax code, and that’s what we’re trying to do right now,” he said. “And so there’s a bigger conversation about how our economy has changed and how our tax system has not. And that is a big conversation that needs to happen.”

Senate Democrats, who hold a veto-proof majority, designated Ferguson in October to be the chamber’s next leader. He stands for election to the job next week, and the leading Senate Republicans said their caucus intends to support him.

The Kirwan Commission, led by former University System of Maryland chancellor William E. “Brit” Kirwan, spent three years researching the most effective school systems in the world and drafting proposals to copy them in Maryland. The goal was twofold — to end disparities in public education and boost achievement so students could better compete in a global economy.

The education measures proposed by the Kirwan Commission — and particularly who pays to implement them — are expected to dominate debate for weeks.

Some local Democratic leaders have also raised alarm about the costs of the measures for local governments. Prince George’s County Executive Angela D. Alsobrooks (D) wrote in a Tuesday letter to local leaders that the plan requires counties with “the highest concentrations of black and brown children, disadvantaged children and impoverished children to pay the most just to bring

our children up to par with the educational opportunities afforded to the rest of the state.”

“In essence,” she wrote, “the transformative education offered by Kirwan might be too costly for children most in need of those transformative promises.”

*Donna St. George contributed to this report.*

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