

# **MDChamber\_Duckman\_Fav\_SB223**

Uploaded by: Duckman, Ashley

Position: FAV



**MARYLAND**  
Chamber of Commerce

**LEGISLATIVE POSITION:**

**Favorable**

**Senate Bill 223**

**Commission on Tax Policy, Reform, and Fairness**

**Senate Budget and Taxation Committee**

**Wednesday, January 29, 2020**

Dear Chairman Guzzone and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 4,500 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees and families. Part of that work includes evaluating and maintaining the best approaches for business tax policies for the state.

Senate Bill 223 will create an independent commission tasked with studying and making recommendations for improving Maryland's revenue structure, reviewing the academic and economic research on state and local tax policies, and evaluating neighboring jurisdictions' tax policies. The commission will make recommendations to improve Maryland's competitiveness, and encourage business investment and employer growth.

Maryland's revenue structure should promote job growth and economic development while ensuring fairness, simplicity and transparency throughout all policies. This commission would bring about recommendations to create a stable, balanced and transparent business-friendly environment.

The Maryland Chamber of Commerce has long been committed to and remains invested in promoting an innovative, pro-business climate throughout the state and fostering a robust economy. SB 223 furthers that goal and will provide meaningful feedback on improving Maryland's overall economic competitiveness. If the commission is established, the Maryland Chamber of Commerce would hope to become a partner in these discussions and provide input from our membership and the broader business community.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **favorable report** on **SB 223**.

**MDCHAMBER.ORG**

60 West Street, Suite 100, Annapolis 21401 | 410-269-0642

# **HB 223 - Commission on Tax Policy - MML**

Uploaded by: Fiore, Justin

Position: FAV



Maryland Municipal League  
*The Association of Maryland's Cities and Towns*

TESTIMONY

January 29, 2020

**Committee:** Senate Budget & Taxation

**Bill:** SB 223 – Commission on Tax Policy, Reform, and Fairness

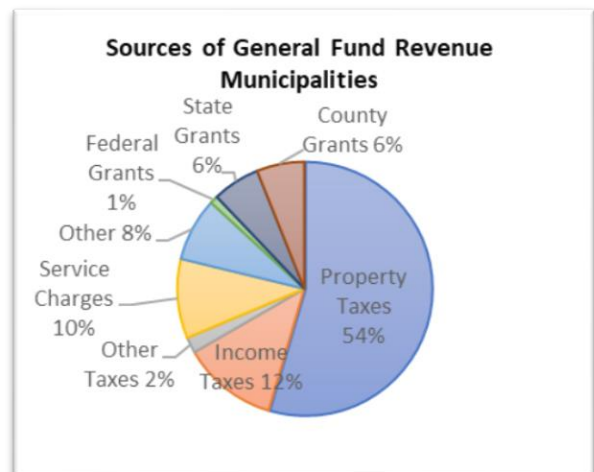
**Position:** Support

**Reason for Position:**

The Maryland Municipal League supports Senate Bill 223 and is thankful for the opportunity to designate a representative to this commission, which is tasked with reviewing aspects of the State's tax policy as it interacts with local government.

For the 2020 legislative session, the Maryland Municipal League adopted a Strategic Initiative to explore and support the creation of new municipal sources of revenue.

As it stands, ***municipalities are overdependent on property taxes to provide essential services for their residents.*** Over half of municipal general fund revenues are derived from property taxes, and for some, property taxes account for over 65% of total revenues. Local jurisdictions have little control over the other major sources of revenue, leaving municipalities with few options when fiscal challenges arise. Maryland's cities and towns need alternative revenue sources to support new and existing programs that their residents look for them to provide.



The League respectfully requests that this committee provide SB 223 with a favorable report.

OVER...

**FOR MORE INFORMATION CONTACT:**

Scott A. Hancock  
Candace L. Donoho  
Bill Jorch  
Justin Fiore

Executive Director  
Government Relations Specialist  
Manager, Government Relations & Research  
Manager, Government Relations

**GBC\_FAV\_SB223**

Uploaded by: Fry, Donald

Position: FAV



**TESTIMONY PRESENTED TO THE SENATE BUDGET AND TAXATION COMMITTEE**

**SENATE BILL 223 – COMMISSION ON TAX POLICY, REFORM, AND FAIRNESS**

**January 29, 2020**

**DONALD C. FRY  
PRESIDENT & CEO  
GREATER BALTIMORE COMMITTEE**

**Position: Support**

The Greater Baltimore Committee (GBC) supports Senate Bill 223, which creates the Commission on Tax Policy, Reform, and Fairness. The Commission would: (1) study the current revenue structure of the State, including income, sales, corporate, motor fuel, excise, and property taxes, tax exemptions and credits, and fees; (2) review the academic and economic research on tax policy to assist in the overall assessment of efficacy, fairness, and competitiveness of the current revenue structure; (3) review the revenue structure of neighboring jurisdictions; (4) consider the nature of the State’s economy and the importance of service and professional businesses to economic development; (5) consider whether the current revenue structure should be reformed, modified, and modernized; and (6) make recommendations regarding changes to the State’s revenue structure that: (i) promote job growth and economic development; (ii) ensure fairness, simplicity, and transparency; (iii) provide a stable, balanced, and reliable revenue stream, while not reducing services; and (iv) create a business–friendly environment. A final report of findings and recommendations would be required on or before December 1, 2021.

Passing tax legislation in a piecemeal fashion increases the likelihood of creating inefficient and disjointed policy. SB 223 addresses this issue by instigating a comprehensive review of Maryland’s entire system of taxation and creates the opportunity for a top down review and overhaul. This bill focuses on ensuring a balanced revenue stream, but also addresses fairness and competitiveness issues, which remain at the core of tax reform.

In many ways, Maryland’s tax structure is a product of a bygone era that heavily focused on the sale of goods and products rather than services. Additionally, the current tax structure was largely instituted in an era before the Internet or the proliferation of online purchasing. A modernized system that is simpler in nature and captures more taxes across a broader spectrum is likely fairer and more equitable.

Regarding corporate taxes and taxation of business entities, the GBC asserts that passing legislation in a vacuum and with limited consideration of how tax law changes relate to one another creates uncertainty for employers, harms Maryland’s competitiveness, and hampers job creation efforts. It is paramount that a variety of voices are considered when debating significant changes to the way businesses and corporations are taxed. The goal, if done collaboratively, is a tax structure that is fair, competitive, and able to make investments in a better Maryland for all its citizens.

Senate Bill 223 is consistent with a key tenet in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth:

**GREATER BALTIMORE COMMITTEE**

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**Tax structure that is fair and competitive.** Maryland's tax policy must be perceived by business as being competitive and devoid of elements that unreasonably target specific businesses or business sectors.

Furthermore, the Greater Baltimore Committee's *2020 Legislative Priorities* state that a key priority is building a competitive, predictable and fair tax system. The passage of Senate Bill 223 would be an important step to meeting this important priority.

**For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 223.**

*The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 65-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.*



**SB223FAVMCCC02278320200129102310**

Uploaded by: Godwin, Gigi

Position: FAV



*To Lead, Advocate and Connect as the Voice of Business*

## **Senate Bill 223 - Commission on Tax Policy, Reform, and Fairness**

Budget and Taxation Committee

January 29, 2020

### **SUPPORT**

Senate Bill 223 establishes the Commission on Tax Policy, Reform, and Fairness to be staffed by the Department of Legislative Services (DLS). The Commission is charged with studying the current revenue structure of the State, review research on tax policy, and review economic competitiveness with neighboring jurisdictions. Additionally, the Commission must make recommendations regarding changes to the State's revenue structure that promote job growth and economic development; ensure fairness, simplicity, and transparency; provide a stable, balanced, and reliable revenue stream, while not reducing services; and create a business-friendly environment.

Over the last few years, the state has been developing substantive plans for many important issues. Examples include a 10-year plan for our educational system and a plan to ensure we are responding to the climate crisis. These are both imperative and important goals and ones that the Montgomery County Chamber of Commerce (MCCC) strongly supports. Education directly ties to workforce and talent; MCCC created the Green Business Certification program 12 years ago with the Montgomery County Department of Environment understanding the need for companies to green their practices.

With this in mind, it is incredibly important to invest in and create an economic growth plan to support these initiatives. The Chamber believes this Commission and its recommendations will inform residents, activists, and policymakers as to how to strategically and effectively grow our tax base ensuring a strong economic future for decades to come.

For the aforementioned reasons, **the Chamber supports Senate Bill 223 and respectfully urges a favorable report.**

*The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.*

Tricia Swanson, Vice President, Government Relations  
Montgomery County Chamber of Commerce  
301-738-0015 [www.mcccmd.com](http://www.mcccmd.com)

**baltimore sun testimony 1.23.2020**

Uploaded by: Senator Feldman, Senator Feldman

Position: FAV

# Want \$1 billion for Maryland schools? Modernize Maryland tax code to pay for Kirwan Commission education overhaul | COMMENTARY

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By BENJAMIN ORR and WARREN DESCHENAUX  
FOR THE BALTIMORE SUN | JAN 17, 2020

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With the Maryland General Assembly underway, legislative leaders are expressing strong support for a plan the Commission on Innovation and Excellence in Education, also known as the Kirwan Commission, to make Maryland's education system among the best in the world.

The commission's blueprint provides a thoughtful roadmap for strengthening our public schools to ensure every child in our state has the opportunity for a highcaliber education. The plan would propel Maryland to the forefront in national education reform, and legislators, both Democrat and Republican, have supported the blueprint.

As policymakers prepare to adopt these much-needed reforms, they must also identify how they will pay for them while balancing the many other needs of Marylanders.

Policymakers must identify a fair and sustainable revenue package to ensure we can give our schools the resources they need. Otherwise, we run the risk of falling back into old patterns of underinvestment over time. Sustaining our investments in health care, transportation and public safety, along with improving our schools, requires commonsense steps that polls show enjoy strong support from Marylanders.

A positive first step would be to better publicize the annual cost of implementing the blueprint and a recognition that our current revenue system is both upside down in terms of people's ability to pay, and built in large part on a 1950s understanding of how the economy works.

We have decades of experience analyzing state budget and tax policy and we are confident that, with this honest accounting of the state's finances, Maryland can raise the revenue we need to improve our schools by modernizing our tax code to reflect the realities of our 21st Century economy and cleaning up the tax breaks that have been forced in by special interests.

Let's begin by ending loopholes that allow large, profitable, multi-state corporations to use accounting gimmicks to avoid paying income taxes in Maryland. About one-third of the largest corporations in Maryland pay no state income taxes in a given year. Closing two of those loopholes may generate \$135 million annually, according to state analysts. Ending or reforming a variety of ineffective business tax credits would net the state another \$40 million each year. Neither of these steps would affect average Marylanders, but would ensure that the largest businesses in the state are contributing to the services they benefit from in the same way small, Maryland-based businesses do.

We should also address the state's upside-down tax system. Today, the wealthiest 1% of Marylanders — those earning more than \$535,000 per year — pay a smaller share of their income in state and local taxes than the rest of us.

This means bringing rates down for those earning below the state's median income — giving hard-working families some tax relief — while ensuring the wealthiest 1% pay their share and restoring the highest tax bracket for annual income over \$1 million. This, along with other tweaks, like removing a loophole that allows hedge fund managers to pay a lower tax rate on their earnings, would help make our tax code more equitable and ensure that everyone is paying their fair share.

Those changes to the individual income tax system would bring in roughly \$1 billion a year to improve our schools and make Maryland stronger.

The options with the greatest potential for success, that poll strongest among Marylanders, and that would also make our tax system more equitable, are closing loopholes carved out by special interests.

When we talk to people around the state about the areas where our tax system falls short, most find it outrageous that large, profitable companies can pay no income tax but benefit from state and local services — including public schools.

Taking these steps to clean up our tax code and ensure we all pay our fair share would take Maryland a long way toward fully funding the Kirwan Commission's vision.

We can't make the same mistake we made a decade ago when the General Assembly failed to adequately support the recommendations advanced by the Thornton Commission, a similar panel that produced a major reform package. That plan was never fully funded and we are seeing the results now as our school system's performance declines along with our national rankings.

Let's also be leaders in making our tax system fairer to pay for the vital investments our kids and our state deserve.

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*Benjamin Orr (borr@mdeconomu.ora) is executive director of the Maruland Center on Economic Policy. Warren Deschenaux (wdeschenaux@gmail.com) is the former executive director of the General Assembly's Department of Legislative Services, and served as the legislature's chief fiscal analyst.*

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# **Leading Marylandwashington post testimony 1.23.19**

Uploaded by: Senator Feldman, Senator Feldman

Position: FAV



# The Washington Post

*Democracy Dies in Darkness*

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

By Erin Cox

Jan. 3, 2020 at 12:45 p.m. EST

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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**Erin Cox**

Erin Cox is a politics reporter covering Maryland. She joined The Washington Post in 2018 and has written about Maryland since 2007. Follow 

# **MACPA-SB223-Favorable with Amendments**

Uploaded by: DeLeon, Allen

Position: FWA



January 29, 2020

The Honorable Guy Guzzone  
Budget and Taxation Committee  
3 West, Miller Senate Office Building  
Annapolis, MD 21401

RE: SB0223 Commission on Tax Policy Reform and Fairness

Position: Favorable with amendments

Dear Chairman Guzzone and members of the Committee:

The Maryland Association of Certified Public Accountants is a professional membership association representing the CPA profession in Maryland, with more than 9,000 members and a history of serving the public interest since 1901. MACPA members represent many areas of practice, including business and industry, public practice, government, education, and consulting.

We commend and appreciate Sen. Brian Feldman and the other sponsors of SB0223 advocating for the establishment of a Commission on Tax Policy, Reform and Fairness. However, we see a glaring omission in the composition of the Commission. We believe it is imperative to the success of the Commission to include the participation of a CPA tax professional, licensed and regulated by the state of Maryland. The MACPA is proud to have several nationally recognized authorities on state and local tax and tax policy matters as members of our organization. We respectfully request an amendment to SB0223 to specify “a member of the Maryland Association of CPAs” on the Commission.

Our MACPA tax expert will collaborate with Commission members to effectively analyze and evaluate proposals to improve existing tax rules and tax systems. Our CPA tax expert can provide the Commission with a uniquely qualified perspective and will contribute technical expertise and objective analysis based on widely accepted guiding principles of good tax policy.

We sincerely hope the work of this Commission will have far reaching and positive effects on taxpayers and Maryland’s economy. We appreciate the Committee’s consideration of our request to add a member of the MACPA to the Commission, and we respectfully request a “favorable with amendments” report.

Sincerely yours,

J. Thomas Hood, III, CPA  
CEO & Executive Director

cc: Nick Manis, Manis Canning & Associates

# **SB223\_MSATP\_FWA**

Uploaded by: MSATP, MSATP

Position: FWA



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Executive Director

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To: Budget and Taxation Committee

From: The Maryland Society of Accounting and Tax Professionals, Inc.

Re: SB 223 Sponsor: Senator Feldman, et al

Contact Person: Alverta "Sandy" Steinwedel

Position: Support with Amendment

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**Commission on Tax Policy, Reform and Fairness**

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP), an organization of over 2,200 members. Our inclusive organization is comprised of Certificate Public Accountants, Enrolled Agents, Registered Tax Preparers, Accountants, Attorneys, and Certified Financial Planners.

With over 2,200 members who represent thousands of Maryland individual taxpayers and hundreds of businesses, we would like to request a representative from our organization be included on the commission.

Our representative, who will have extensive knowledge of the State's tax structure and tax preparation, will be a useful resource to the commission.

*Amendment:*

*Section 1. (b)*

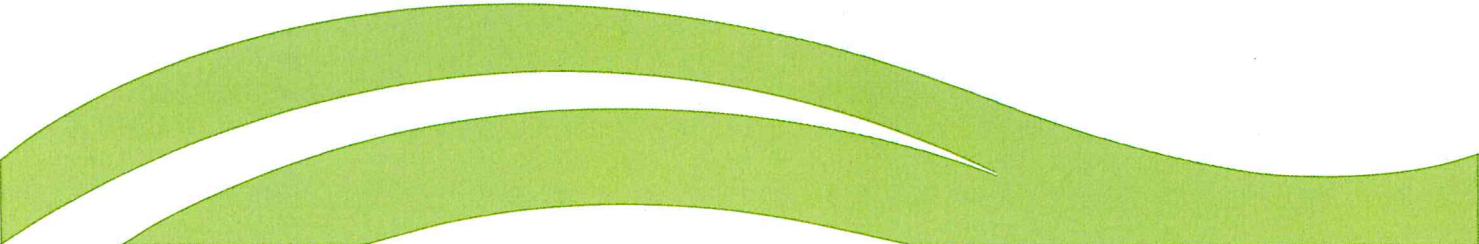
*(11) a representative of the Maryland Society of Accounting and Tax Professionals, Inc.;*

*(12) one economist, appointed by the Governor;*

*(13) one member of the faculty of the University of Maryland School of Public Policy, appointed by the Governor*

*(14) one member of the faculty of the University of Maryland Robert H. Smith School of Business, appointed by the Governor; and*

*(15) two members of the public, each of whom shall be an attorney at law or an accountant knowledgeable about the State's tax structure, appointed by the Governor.*



# **MD Tech Council\_Richard Tabuteau\_FWA\_SB0223**

Uploaded by: Tabuteau, Richard

Position: FWA



TO: The Honorable Guy Guzzone, Chair  
Members, Senate Budget and Taxation Committee  
The Honorable Brian J. Feldman

FROM: Richard A. Tabuteau  
Pamela Metz Kasemeyer  
J. Steven Wise  
Danna L. Kauffman

DATE: January 29, 2020

RE: **SUPPORT WITH AMENDMENT** – Senate Bill 223 – *Commission on Tax Policy, Reform, and Fairness*

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The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **support with amendment** for Senate Bill 223.

Senate Bill 223 establishes the Commission on Tax Policy, Reform, and Fairness. The Commission must: 1) study the current revenue structure of the State, including income, sales, corporate, motor fuel, excise, and property taxes; tax exemptions and credits; and fees; 2) review the academic and economic research on state and local tax policy to assist in the overall assessment of efficacy, fairness, and competitiveness of the current revenue structure of the State; 3) review the revenue structure of neighboring jurisdictions for the purpose of evaluating the regional competitiveness of the State's tax structure; 4) consider the nature of the State's economy and the importance of service and professional businesses to economic development; 5) consider whether the current revenue structure of the State should be reformed, modified, and modernized; and 6) make recommendations regarding changes to the State's revenue structure that (i) promote job growth and economic development; (ii) ensure fairness, simplicity, and transparency; (iii) provide a stable, balanced, and reliable revenue stream, while not reducing services; and (iv) create a business-friendly environment.

Appropriately, the listed members to the Commission include the Maryland Chamber of Commerce, the Montgomery County Chamber of Commerce, and the Greater Baltimore Committee. Surprisingly, with over 450 life science and technology member companies developing innovative solutions that save, protect, and improve lives, the Maryland Tech Council

was excluded from membership on the Commission. To provide perspective on these industries, Maryland ranks 4th in the nation's top 10 biopharma clusters in 2019. The State is home to over 500 biotech companies and 2,700 life science firms. Maryland ranks first in NIH research and development contract awards, first in federal obligations for research and development on a per capita basis, and first in concentration of employed doctoral scientists.

Moreover, as home to the nation's top security agencies such as the U.S. Cyber Command, NSA, DISA and NIST, Maryland is the U.S. headquarters for cybersecurity. Maryland has over 35 incubators and research parks and a talent pool of over 116,000 IT professionals.

As the primary association specifically representing the life sciences and technology industries, the Maryland Tech Council deserves to be a statutory member of the Commission on Tax Policy, Reform, and Fairness. As such, the Maryland Tech Council urges the Senate Budget and Taxation Committee to give Senate Bill 223 a favorable report with amendments to include the Council as a member of the Commission.

**For more information call:**

Richard A. Tabuteau

Pamela Metz Kasemeyer

J. Steven Wise

Danna L. Kauffman

410-244-7000