



TESTIMONY TO THE HOUSE WAYS AND MEANS COMMITTEE

HB 1628 Sales and Use Tax – Rate Reduction and Services

POSITION: Support

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The League of Women Voters is a nonpartisan organization that works to increase understanding of major public policy issues and influence public policy through education and advocacy. The League believes that fiscal policy should achieve an equitable and efficient structure which provides an adequate yield so that revenues are available for planned expenditure. We specifically support a sales tax with exemptions to decrease regressivity.

We therefore support HB 1628. We strongly support the Blueprint for Maryland's Future as well as other needs of the state. HB 1628 will provide an additional \$871 million to the State's coffers. It will provide increased revenues over time as the economy grows growing to an estimated \$2.9 billion by the year 2025.

While it is well known that the sales tax on goods is regressive – i.e. falls more heavily on the poor than the rich - the combination of a reduced sales tax rate on goods and the continued omission of food, medicine and medicals services from the services to be taxed suggests that the regressivity of the current tax will be reduced.

It is important to note that revenues from the current sales and use tax on goods have been declining because of changes in the way that citizens spend their incomes. Since the sales/use tax is the second most important source of revenues to the general fund, it is important that future income be enhanced by the addition of taxing certain services.

The League of Women Voters strongly supports the Blueprint for Maryland's Future and recognizes that additional funds must be raised to pay for it. Therefore, we and our over 1,400 Maryland members urges support for HB 1628.