

May 21, 2012

TO: THE PEOPLE OF LEGISLATIVE DISTRICT 8

2012 SPECIAL SESSION RESULTS IN INCOME TAX INCREASE

The 2012 Special Session of the General Assembly convened on May 14 and adjourned on May 16. It didn't take long to accomplish the task for which it was called by Governor O'Malley, raising Maryland's income tax rate for 14% of the state's residents. I opposed this tax increase. As I stated before, I thought this tax increase was totally unnecessary. To prove the point, the revenue budget approved by the special session has a \$204 million surplus. As far as I'm concerned, it's unconscionable to increase taxes to produce a spending plan with a multi-million dollar surplus. And after five years of tax increases, only half of the \$1.1 billion structural budget deficit has been eliminated.

Under the income tax increases, individuals who earn over \$100,000 and couples who earn over \$150,000 will pay one-quarter to three quarters of a percentage point more, depending upon their income. The top tax rate in Maryland will be 8.95%, tying with D.C. for the 4th highest income tax nationwide. The personal exemption will be reduced from \$2,400 to \$1,600 for single filers who earn between \$100,000 and \$125,000 and joint filers who earn \$150,000 to \$175,000. For single filers who earn between \$125,001 and \$150,000 and joint filers who earn between \$175,001 and \$200,000, the personal exemption will be reduced from \$1,800 to \$800. Tax increases will be retroactive to January 1, 2012.

According to the Tax Foundation, Marylanders bear the 4th heaviest state/local tax burden in the nation and pay a per capita tax of \$5,218. People in our neighboring states fair much better. Virginia ranks 13th with a per capita tax burden of \$4,392; Pennsylvania is 15th with a per capita tax burden of \$4,190; Delaware ranks 17th with a burden of \$4,091 and West Virginia ranks 44th with a tax burden of \$3,034. Locally, only D.C. tops Maryland, ranking 3rd with a tax burden of \$6,076. These statistics were compiled before the Special Session.

I cannot emphasize too strongly that every tax dollar taken from an individual is a dollar less that neither businesses nor the economy will see. Higher taxes make it less likely that small and local businesses will create jobs and invest in growth. No wonder the seventh annual report by Chief Executive Magazine ranks Maryland in 38th place among states that attract business location and expansion. Between December 2010 and December 2011, Maryland added 22,000 private sector jobs – a 1.1% increase in private sector jobs. The national private sector job growth was 1.8%. Any way one looks at it, Marylanders are taxed excessively and that excessive taxation depresses the economy and job growth. While this increased tax plan was passed over my objections, I am proud to have stood with members from both sides of the aisle and voted against it. Enough is enough!

Please do not hesitate to contact me on this or any other legislative issue of concern to you. I continue to encourage and welcome your input.