

Alliance for Tax Fairness Statewide Town Hall Meeting Tues., Nov. 6, 2007 in Annapolis
Official Ballot 2: Revenue Sources

	<u>Source of Revenue</u>	<u>\$\$\$</u>	<u>Pros and Cons</u>	YOUR VOTE: Circle a # 0 = terrible idea 4 = excellent idea
1	<u>Income tax:</u> Surtax on high incomes – 7.75% tax rate on income over \$500,000	\$410 million	Pro: Progressive – only affects wealthy, who have seen largest income gains & tax cuts while middle class income down Con: Higher than neighboring states including local piggyback	0 1 2 3 4
2	<u>Income tax:</u> Gov. O’Malley proposal: Cut taxes for bottom 95%, raise rate to 6%/6.5% on income over \$200k/\$500k	\$200 m	Pro: Progressive restructuring Con: Some say wealthy will leave Md	0 1 2 3 4
3	<u>Income tax:</u> Gov. O’Malley proposal without the cut on the lower 95%: raise rate to 6%/6.5% on income over \$200k/\$500k	\$450 m	Pro: More net revenue Con: No middle and lower income tax cut	0 1 2 3 4
4	<u>Income tax:</u> Raise everyone from 4.75% to 5%, restoring the higher rate that existed before 1998 (SB12 Forehand/Kasemeyer)	\$400 m	Pro: More net revenue than Gov’s proposal Con: Regressive -- raises everyone’s taxes	0 1 2 3 4
5	<u>Corporate Income Tax:</u> Gov. O’Malley’s proposal: “Combined Reporting” eliminates ability to hide corporate profits in other states	\$50-150 million	Pro: Half the biggest corps. now pay nothing; proven effective in 21 states Con: Opposed by business groups	0 1 2 3 4
6	<u>Corporate Income Tax:</u> Gov. O’Malley’s proposal: Raise corporate income tax rate from 7% to 8%	\$110 m	Pro: Still lower than DE, WV, DC, PA Con: Opposed by some business groups	0 1 2 3 4
7	<u>Tobacco Tax:</u> Gov. O’Malley proposal: \$1/pack increase	\$160 m	Pro: Reduces smoking, ded’d to health care Con: Some say regressive	0 1 2 3 4
8	<u>Liquor tax:</u> SB 17 (Forehand): triple the alcoholic beverage tax	\$57 m	Pro: Md alcohol tax one of lowest in US Con: Opposed by liquor industry	0 1 2 3 4
9	<u>Liquor tax:</u> SB 21 (Muse): 5% surcharge on alcoholic beverages	\$120 m	Pro: Md alcohol tax one of lowest in US Con: Opposed by liquor industry	0 1 2 3 4
10	<u>Sales Tax:</u> Raise rate to 5.5%	\$375 m	Pro: Still lower than PA,WV, DC Con: Regressive	0 1 2 3 4
11	<u>Sales Tax:</u> Governor’s proposal: Raise rate to 6%	\$750 m	Pro: Same as PA, WV Con: Regressive	0 1 2 3 4
12	<u>Sales Tax:</u> Broaden base to all services	\$1.5-\$2 billion	Pro: Economically rational to tax services Con: Regressive	0 1 2 3 4
13	<u>Sales Tax:</u> Broaden base only to business and financial services	\$800 m	Pro: Makes economic sense, mostly affects higher income households Con: Targets powerful interests	0 1 2 3 4
14	<u>Sales Tax:</u> Governor’s proposal: Broaden base to a few services like health clubs and real estate management	\$75 m	Pro: Begins to broaden base of sales tax Con: Real estate mgmt affects renters, who tend to be lower income.	0 1 2 3 4
15	<u>Environment:</u> Green Fund: About a penny per square foot on all impervious surface >1,000 sf	\$50 - 100 m	Pro: Asks all to pay share of impact on Bay Con: Asks all to pay share of impact on Bay	0 1 2 3 4
16	<u>Environment:</u> Other development and pollution fees	\$63 m	Pro: Principle of “polluter pays” Con: Opposed by developers	
17	<u>Gas Tax:</u> Governor’s proposal: Index gas tax to inflation	\$63 m	Pro: Provides increasing revenue for transportation investments Con: Regressive	0 1 2 3 4
18	<u>Gas Tax:</u> 7 cents/gal increase	\$230 m	Pro: Supported by business community; less driving has environmental benefits Con: Regressive	0 1 2 3 4
19	<u>Slots:</u> 15,000 slots at 5-7 locations	\$600-800 m	Pro: Capture revenue lost to other states, major revenue source, politically popular in concept Con: Regressive impact, promotes addiction, negatively impacts communities	0 1 2 3 4