



TO: ALLIANCE FOR TAX FAIRNESS

FROM: DONNA VICTORIA
GOODWIN SIMON VICTORIA RESEARCH

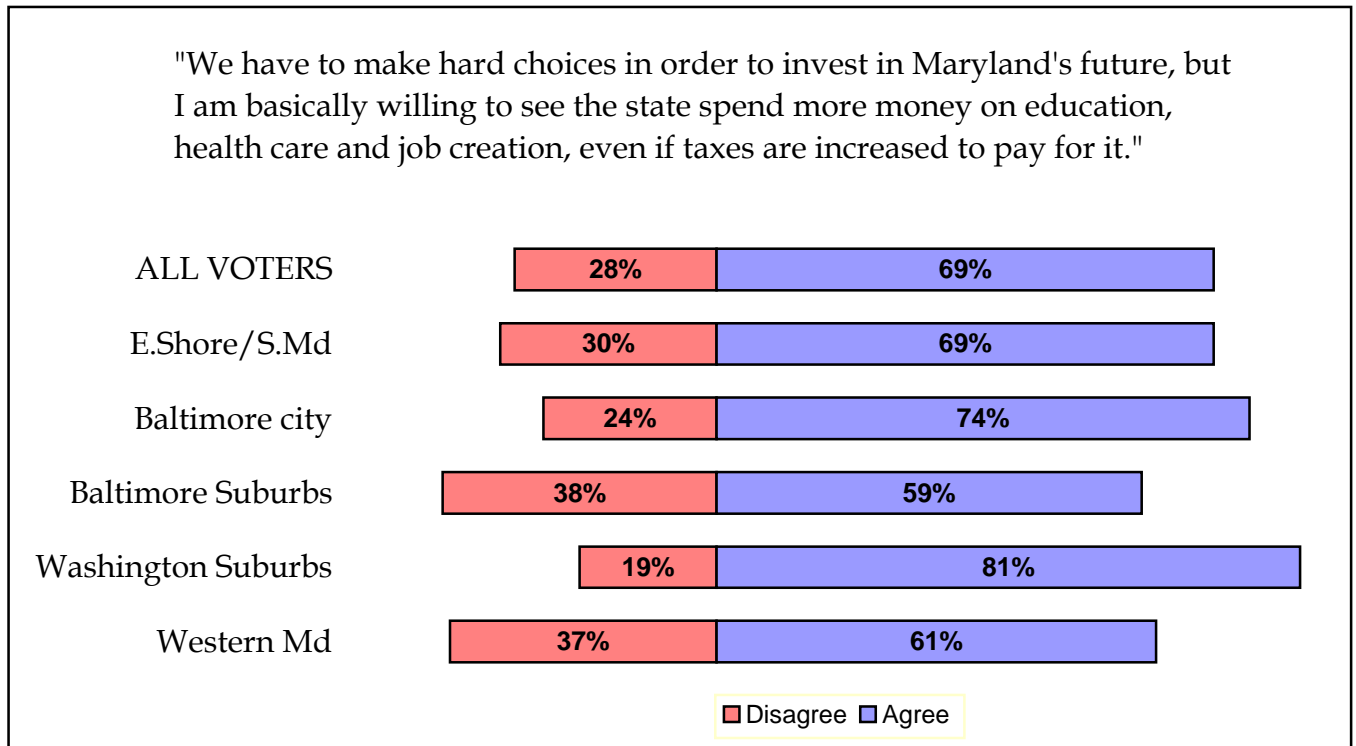
RE: MARYLAND SURVEY RESULTS ON BUDGET AND REVENUES

DATE: JULY 2007

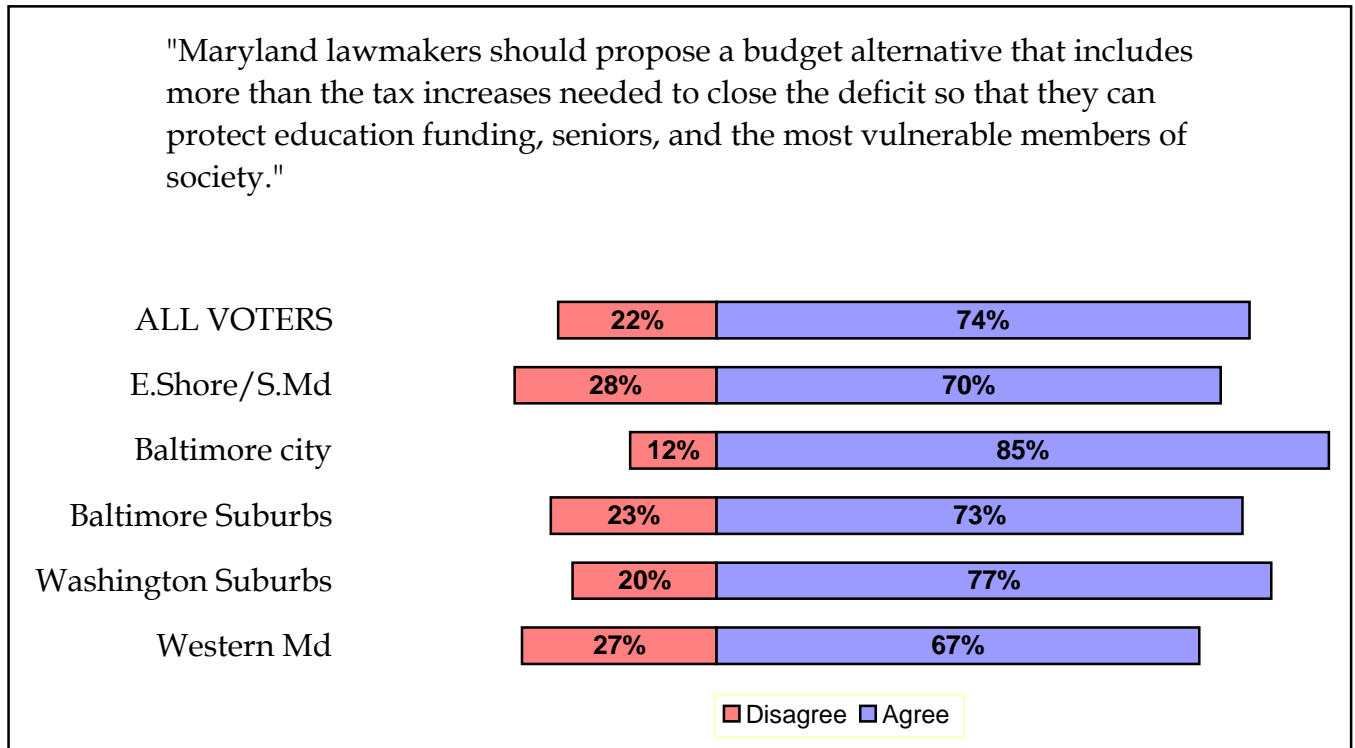
This memorandum reports on the findings of a poll conducted in the state of Maryland June 4-11, 2007. Five hundred registered, likely voters for November 2008 were interviewed, resulting in a margin of error plus or minus 4.5% for the overall sample. The purpose of this survey was to evaluate Marylanders' concerns about the state budget deficit, taxes and spending levels in Maryland, and revenue increase that could balance the budget and pay for new programs. All questions about this memo should be referred to Goodwin Simon Victoria Research (donnavioletoria@gmail.com). The major findings from this survey include the following:

- **Clear majorities say that it is time for Maryland to invest more into improving K-12 education, ensuring affordable healthcare, and protecting our natural resources and clean water.** Six in ten respondents say they would like to see the state invest more in these top priorities – 61% want to invest more in K-12 education, 61% want to invest more in healthcare, and 60% want to invest more in protecting natural resources (their options were should the state invest more, invest less, or keep state government spending about the same for each item).
- **Marylanders are ready for fundamental fiscal overhaul, not just a deficit solution.** While the budget deficit is a concern, it is not an overwhelming one: Maryland voters were far more likely to mention healthcare (24%), education (21%), crime (21%), or rising electric rates (20%) as one of their top two concerns, while only 10% chose balancing the state budget. Fifty percent of all respondents say the solution to the deficit should be a combination of tax increases and budget cuts, compared to only 36% who want to see the deficit erased through spending cuts alone (6% would make no cuts and only raise taxes).
- **Support for tax increases goes explicitly beyond plugging the hole in the budget.** We asked *specifically and repeatedly* about tax increases beyond what is needed to balance the budget, and in each instance a comfortable majority of respondents supports major changes to the tax structure in Maryland.

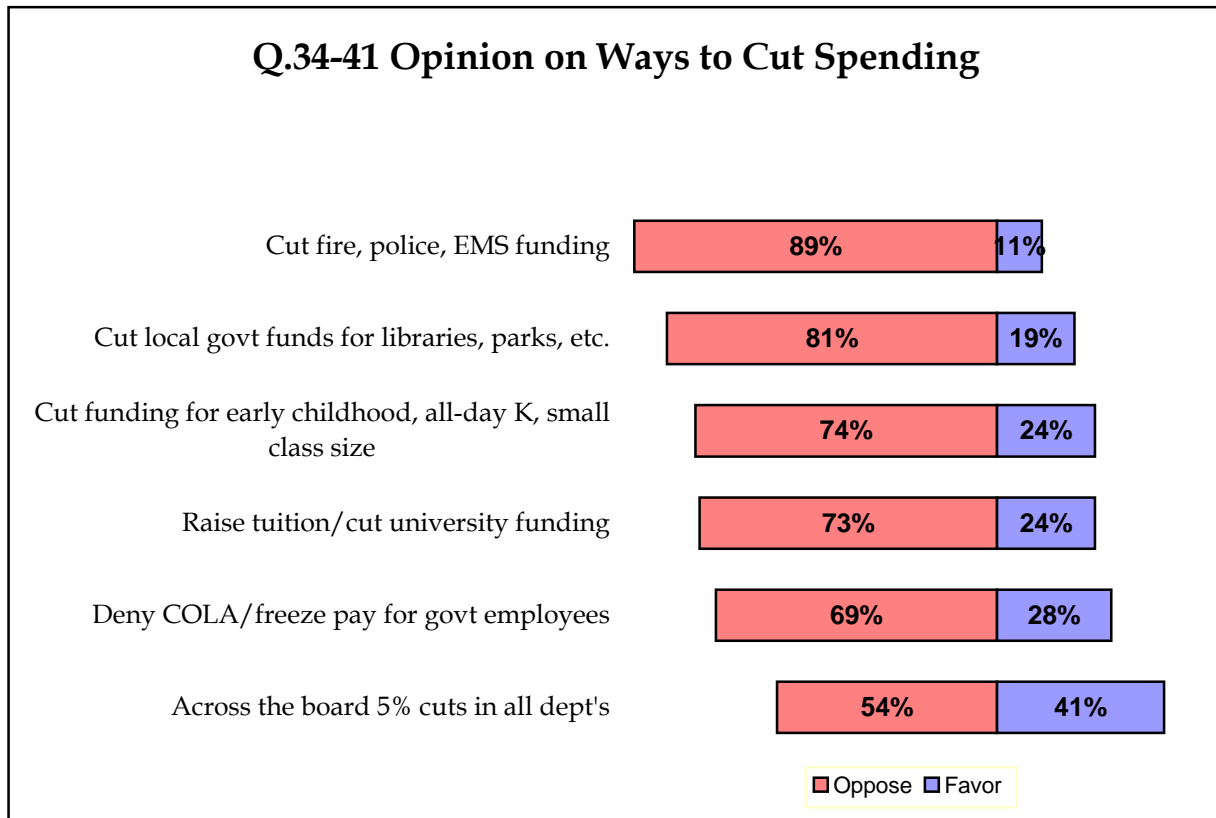
- 69% agree (42% strongly agree) that they are willing to see the state spend more money on desired programs “even if taxes are increased to pay for it.” This support even transcends the usual regional differences, with 70% of Eastern Shore/Southern Maryland residents and 67% of Western Maryland residents in agreement.



- 74% agree (49% strongly agree) that Maryland lawmakers should propose a budget that includes “more than the tax increases needed to close the budget deficit” to pay for needed programs.



- In a tougher choice between two positioning statements, only 29% select the statement that “Since Maryland is facing a large deficit next year, lawmakers should focus on solving that problem with a combination of budget cuts and just the amount of tax increases necessary to balance the budget.” Twice as many respondents (62%) prefer this statement:
 - “Maryland taxes corporate income and income of wealthy individuals at some of the lowest levels in the country, yet we have many unmet needs in funding education, health care, and Chesapeake Bay cleanup. Lawmakers should go beyond plugging the hole in the budget and create fairer tax system that asks the wealthiest corporations and individuals to invest in Maryland’s future.”
- There is opposition to making additional budgetary cuts to solve the deficit problem.** Unsurprisingly, large majorities oppose cuts in funding to police and emergency workers, education, and local government programs. More significantly, there are also wide majorities who oppose freezing the pay of public employees or across the board departmental cuts. Sixty-nine percent of respondents oppose denying cost-of-living allowances and freezing pay for state workers in order to close the deficit, and 54% oppose across the board cuts of 5% in state government.



- **One spending cut is exceedingly popular – 62% of Maryland voters favor ending subsidies and tax breaks that are industry specific.** Examples given were “subsidies for coal mines and tax breaks for ski resorts and electric utility companies” and, given these examples, it is notable that even in Western Maryland a 55% majority favors ending these special breaks.
- **The middle class is already paying too much in taxes.** When asked who they think pays more than their fair share of taxes, 75% say the middle class, 30% say low income people, and 27% say small businesses (respondents were allowed to give multiple responses; total equals more than 100%). Few think the wealthy (10%) or large corporations (6%) pay more than their fair share.
- **Thus the strongest support is for revenue derived from asking corporations and wealthy to pay their fair share.** The following are the most popular ideas for increasing state revenue through taxes:
 - **87% favor** reforms that would compel all **corporations** who make a profit in Maryland to **pay at least some income taxes** on that profit – 73% strongly favor this proposal.
 - **84% favor raising permit fees for developers** high enough to pay the **full cost of enforcing permit laws** (70% strongly favor this proposal).

- **Seventy-two percent favor increases in tobacco taxes.**
- **Sixty-eight percent favor a “millionaire’s surcharge”** for those who make more than \$500,000 a year in income. Even among those who make \$150,000 or more in household income, 57% favor this idea and 40% are opposed.
- **Sixty-seven percent favor a landfill usage fee** that would charge by the ton for dumping.
- **Sixty-three percent** support increasing the income tax rate to “about 6%” for all households with incomes greater than \$225,000 a year. Again, even the wealthiest Marylanders whom this would affect are in support of it (Over \$150,000, 64% favor, 36% oppose).
- **Support for slot machine gambling is slightly lower than for these six ideas**, with 60% in favor of legalizing slots and 38% opposed. Marylanders tend to hold strong opinions on this issue, with 42% strongly in favor and 31% strongly opposed.
- A 55% majority of respondents **opposes increasing the sales tax by one cent** while 43% favor this tax increase. Again, a significant proportion of opponents are strongly opposed (42% strongly oppose).
- There is significant opposition to **raising the gasoline tax by 12 cents** a gallon, even when it is tied to paying for road and transit improvements. Seventy-one percent of respondents *strongly* oppose this proposal; overall, only 20% are in favor and 79% are opposed.

Middle and working class people in Maryland are feeling squeezed by high energy costs for both electricity and gasoline, and yet they still recognize the need for more revenue to pay for worthy programs and to solve the state’s budget problems. There is considerable support for a fresh look at the tax structure in Maryland and for fiscal overhaul that asks the wealthiest corporations and individuals in the state to invest in Maryland’s future.