

Conclusion

Lawmakers can restructure the state's revenue system in a way that not only closes the structural deficit, but also generates new revenue to meet Maryland's many unmet needs, makes our regressive tax structure a bit less unfair, and irons out a boom-bust revenue cycle that encumbers responsible budgeting.

As this book documents, Maryland can afford to raise new revenue because we are a wealthy yet low-tax and small-government state. Moreover, the wealthiest Marylanders have reaped a windfall in federal tax cuts from President George W. Bush and can easily afford to give part of that back to Maryland for public investment. Finally, according to the latest figures from the Comptroller's office, 50% of the largest corporations in our state pay no income tax whatsoever, a situation we believe stems from proliferating tax loopholes.

This briefing book documents these facts and makes the case that any revenue package enacted should:

1. **Raise well more than \$1.5 billion** because \$1.5 billion would merely maintain current, inadequate levels of public investment that have led to a rising poverty rate, increasing numbers of medically uninsured, ballooning tuition at public universities, and an unhealthy Bay.
2. **Comprehensively close loopholes in the state's corporate tax system** to ensure that big, multi-state, profitable corporations pay their fair share of taxes. **Estimated revenue = hundreds of millions of dollars.**
3. **Abolish outdated tax breaks** that favor specific industries and special interests without strengthening the state's economy or advancing social policy goals. **Estimated revenue = at least \$227 million.**
4. Add a personal **income tax surcharge for individuals who report gross adjusted incomes of \$500,000 or more. Estimated revenue = \$410 million.**
5. Make the personal income tax system more progressive in various other ways. **For example, a new 6% bracket on joint filers who earn \$225,000 per year would bring in \$350 million.**
6. In a tailored manner, **extend the current 5% sales tax to certain business services, information services, professional services and financial services used primarily by high-income individuals and businesses** – areas currently excluded from the existing sales tax system. **Estimated revenue = approx \$1.275 billion.**

Some of these revenue sources partially overlap and therefore partially cancel each other out. But if most are enacted the state would collect many hundreds of millions of new dollars each year to invest in Maryland's future.

In the 2006 election, Maryland's voters expressed their support for a vibrant public sector and fairer tax policies to pay for it. The fresh polling data included in this book prove that Maryland voters continue to support these goals and believe the current deficit should be closed in a fair, revenue-positive manner.