

MARYLAND FAIR FUNDING COALITION

This year the legislature took a couple of small steps to raise revenue and update our tax system to reflect our modern economy, but left bigger reforms on the table

What Passed

The legislature passed several bills that were originally drafted to support the Blueprint for Maryland's Future but were amended to first fund the response to the COVID-19 pandemic, fill emergency reserves, and provide additional funding to Maryland's historically Black colleges and universities. The package primarily focuses on broadening consumer taxes to reflect our modern economy, rather than closing corporate tax loopholes or making our tax system more equitable.

- Creating a new gross receipts tax on digital advertising sellers. This bill was designed to primarily affect the largest digital advertising companies, like Google and Facebook. While this is an innovative approach to ensure these newer corporations are contributing to public services in Maryland, revenue is likely to be delayed as legal questions are resolved.
- Increasing tobacco taxes and expanding them to include vaping products.
- Expanding the sales tax to include digital goods like ebooks, video game downloads, and streaming services.
- Putting a referendum on the fall ballot to legalize sports betting.

What Was Left on the Table

[A legislative package to clean up our tax code and close corporate loopholes](#) was introduced in the Maryland General Assembly and strongly supported, but did not pass. Those legislative proposals were:

- Closing loopholes to make sure large corporations pay taxes on all their Maryland profits just like our small local businesses do, and can't use accounting gimmicks to avoid their tax responsibility.
- Ending ineffective business tax credits.
- Fixing our upside-down tax code to ensure the wealthiest Marylanders who now pay the smallest share of their income in state and local taxes, are paying their fair share like Maryland's working families are.

These proposals to clean up our tax code and close loopholes gathered more steam than ever before, with several bills passing the House of Delegates. However, these options to raise significant revenue did not receive final action in the Senate—partly due to the abruptly shortened session, and partly because of many policymakers' misguided reluctance to raise new revenue during an economic downturn.

What's Next?

Our state must address the flaws in our tax system in order to meet the needs of Maryland's working families during this crisis without cutting back on our state's investments in good schools, effective transportation networks, and other public services. These services are the foundation of our economy, and so are the family-supporting jobs those services support.