

Preamble

~~WHEREAS, In light of increasing competition among states for business and economic development, Maryland must move into the 21st century as competitively as possible, providing a progressive business climate conducive to job development and a secure job market; and~~

~~WHEREAS, Our tax structure plays a major part in fostering economic development and keeping the State's business climate competitive; and~~

~~WHEREAS, Of all the elements of the State's current tax structure, Maryland's high State and local income tax burden, well ahead of the State's regional competitors, is particularly criticized as creating an unfavorable tax climate and as being a major anti-growth impediment to business and industry locating in the State; and~~

~~WHEREAS, This Act provides immediate income tax relief in the form of a phased in reduction in order to make Maryland's personal income tax more competitive with other states on a regional and national basis, while maintaining responsible fiscal safeguards against future uncertainties, such as proposed federal government budget reductions and mandates, proposed federal income tax changes which could flow through and automatically impact Maryland income tax revenues, and the potential effect on State revenues of an economic downturn; and~~

~~WHEREAS, Much of the tax structure from which the State's revenues are largely derived was designed decades ago for an economy that no longer exists, with the decline of manufacturing relative to other areas of the economy and the major growth of industries generated by new technologies;~~

~~WHEREAS, Principles of good tax policy dictate that the State's revenues should come from a balanced, broadly based mix of sources and that the State's tax structure should facilitate economic development and should be responsive to interstate competition; and~~

~~WHEREAS, Although based on percentage of income, the overall tax burden in Maryland is below average compared to all other states and is second lowest among states in the region, the State's relatively high tax burden as measured on a per capita basis is often cited as a disincentive for businesses considering relocating or expanding to Maryland; and~~

~~WHEREAS, There is a need for a coordinated examination of the overall State and local tax structure to consider its consistency with the needs of a changing economy, to improve Maryland's business climate, and to provide a basis for reducing the tax burdens on Maryland's citizens;~~

~~WHEREAS, In addition to providing immediate income tax relief, this Act creates a Joint Legislative and Executive Task Force to Review the State's Revenue and Tax Structure to provide an opportunity for the development of a long term strategy for overall modernization of the State's taxes to insure competitiveness of the State into the 21st century; now, therefore,~~

~~SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:~~