

# TDR TALKS WITH CASPER R. TAYLOR JR.

DAILY RECORD 1-17-98

**A**s the General Assembly gets under way, House Speaker Casper R. Taylor Jr. is confident that the divisiveness and contention that characterized much of the 1997 session won't seep into this one.

For one, while discord over education funding sounded loudly at the end of the 1997 session, Taylor points to a task force's recent success at producing an education plan supported statewide.

And, despite a hefty budget surplus of about \$260 million emerging as the center of a potential tug-of-war, Taylor believes that the House leadership has devised an equitable plan that distributes the extra dollars where best-suited.

*The Daily Record* recently talked with Taylor about his priorities in the 1998 General Assembly.

**The expected budget surplus is shaping up to be one of the biggest issues confronting legislators this year. With nearly every county looking for extra road and school money, how do you plan to keep the peace, so to speak, in the House?**

I think our approach is to put together a fiscal package that deals globally with the surplus. Going on the assumption that the surplus is somewhere in the area of \$250 million or \$260 million, the House fiscal leaders presented [a plan] to the whole House leadership, which adopted a program to deal with the surplus by sending some of it back to the taxpayers, putting some of it in the bank for the inevitable rainy day when the good booming economy we're in will surely go south, and using the balance of it in basically two areas that deal with children. One would be K-12 education funding for at-risk children across the state and the other would be used to tie in to the new federal program of Medicaid entitlement for children's health care.

**When you say some of it would go back to the taxpayers, is that tied to your proposal to cut the property tax rate?**

Yes. The House leadership is sponsoring a joint resolution that would instruct the Board of Public Works to reduce the state property tax rate by 5 cents [from 21 cents to 16 cents] for the coming year. We need to make sure the public understands that the state tax rate in Maryland is set by the governor and the Board of Public Works, not by the legislature. It's set on an annual basis, so it has the flexibility to change each year without changing the overall tax structure of our state — and that's a good flexibility to have. When we have a one-time surplus due to an expanding economy, we have the immediate ability to reduce the tax burden on a 12-month basis and then revisit it — if the economy changes, the Board of Public Works can readjust the state property tax rate very simply.

**There is consensus in the business community that it would be wise to bank a good portion of the surplus because you are facing a \$400 million-plus budget deficit in the out-years of the income tax cut passed last year. What are your feelings on doing that, or even accelerating the tax cut, which is something Sen. Barbara Hoffman has mentioned?**

I agree totally that we should put a substantial piece of this in reserve. Our program calls for \$63 million to be added to our reserve account. It makes sense to do two things jointly: put \$63 million more in our reserve account and reduce the tax burden on a one-year basis by adjusting the state property tax rate — rather than accelerating the permanent income tax reduction, which would exacerbate the out-year structural deficit.

**Obviously, most of the clamoring this year is going to be about education funding — people like Doug Duncan and Wayne Curry made that very clear last year. Going back to keeping the peace — do you expect, especially with the surplus, that to become a divisive issue this year in either chamber?**

I am very proud of the fact that the day after the session last April, I stood in front of the press and announced that I wanted to create a task force to bring this state back together. If you recall, we left [the session] horribly divided over K-12 education funding. We had fought bitterly over how we could create equity funding for our school kids across the state. I am so proud that the task force has worked. I asked the governor to participate in the task force and he agreed to do that. That task force, by working with [State Schools Superintendent] Dr. Nancy Grasmick, has produced, and this is hard to believe, an equity funding package of approximately \$60 million of new money that we are going into the opening day of the session with, that has the total support of the big seven counties and all of MACO [Maryland Association of Counties]. Since April, we have been able to bring together all of those big seven counties that in April were at one another's throat over education.

**Last year, you took the bold initiative to introduce what was basically a tax reform package to update a lot of Maryland's antiquated tax laws. That met a lot of resistance and was whittled down quite a bit from what your initial vision was. Is that something you plan on approaching again?**

No. In order to move the tax cut envelope, that first step in the House Ways and Means Committee, I had to strategically put on the table all of those options for expanding the sales tax base and all those various proposals in order to massage the concept of reducing the income tax. We finally managed to do it by reducing the proposal down to 7 percent. When we sent that to the Senate, the Senate had a different idea and, frankly, I think our work helped the Senate massage the issue so they came out with a 10 percent tax cut over five years instead of 7 percent over three years. When they sent that back to the House, I made, again, the strategic decision that I ought to grab that and run with it without trying to change it and get it into a conference, because I felt if we put it in a conference we'd lose it. So we wound up with a permanent 10 percent tax cut program, which is a pretty substantial first step in reforming Maryland's tax structure.

**But are you a little disappointed that some of the other reforms got lost in the shuffle?**

I'm disappointed to some extent that we haven't been able to deal more globally with Maryland's overall tax structure. But I'm also

realistic enough to know that kind of a comprehensive approach cannot be taken in an election year because there are too many opportunities for political opponents to demagogue the issue and mislead people into believing that we're trying to raise taxes when, in fact, we're not.

**Where do you stand on the bill that would send the slot machine issue to voter referendum?**

I can't sit here and tell you where I stand on a bill without seeing the specifics of the bill. But I can say this, I have consistently stated publicly and privately for three years that I think the slot machine issue for state revenue purposes is an issue that should be decided by the people. I firmly believe that. Every now and then an issue comes along that really does need the people's decision. And I think [gambling] is the type of issue that the people ought to decide. I've been very clear for three years that I absolutely oppose casino gambling. And, let me explain, there is a tremendous difference between casino gambling and slot machines. Casino gambling is the kind of gambling that is done by human hands: card games, dice games, roulette games. And, because those games are conducted by human beings with their hands, they are open to corruption. When you talk about slot machines, you're talking about something that is identical to the state lottery or the state Keno game, which is played by a computerized machine wired to a state central computer network. It's foolproof. It can't be corrupted. I always have opposed casino gambling coming to Maryland. I have always stated that if a slot machine facility was to be proposed in my county for the purpose of creating a tourist destination to create imported revenue coming in from other states, I only would support that proposition if it was decided by the people of Allegany County.

**What about work force development? That's probably the biggest business issue this year — trying to get more money for work force development and regain the money lost on the Sunny Day Fund last year. Are those realistic possibilities?**

Yes, absolutely, and they are in the House leadership plan, which we haven't unveiled yet. So far, the House has only unveiled the first of two parts, which is the fiscal program. We're about to unveil the nonfiscal package of House leadership, and work force resources is very high on our priority list along with higher education and high-tech development throughout the state. All three of those concepts must come together. Let's put it this way, a highly educated work force is absolutely vital for Maryland's future economy for several reasons: Maryland's future economy is clearly to a great extent in the world of high technology — information technology, biotechnology. And for this reason, one of the bills that we are featuring in our package is a bill modeled after the existing Maryland Economic Development Corp. [MEDCO], except that it is a MEDCO for high technology. The concept is that we want to develop a partnership among economic development initiatives, Maryland's higher education infrastructure and an educated work force.

**There was a published report [recently] that maybe you aren't officially out of the governor's race. We thought we'd give you the chance to comment on that.**

I want to say 'no comment.' I don't know what crystal ball [newspaper columnist] Frank DeFilippo uses but it's not the one I use.