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May 4, 2020

### *Sent Via Electronic Communication*

The Honorable Lawrence J. Hogan Jr.

Governor of Maryland

State House

Annapolis, MD 21401

Dear Governor Hogan:

We write today to ask for your veto of House Bill 1300 – Blueprint for Maryland’s Future – Implementation, House Bill 732 - Taxation – Tobacco Tax, Sales and Use Tax, and Digital Advertising Gross Revenues Tax, and House Bill 932 – 21<sup>st</sup> Century Economic Fairness Act.

As you succinctly laid out over the course of the 2020 Legislative Session, the Kirwan Commission recommendations would usher in a massive round of tax increases even greater than the historic O’Malley-Brown tax increases passed during the Great Recession. The opening salvo of this taxation assault on Marylander’s wallets is found in HB 932 and HB 732.

House Bill 932 expands sales tax to digital products; music, movies, e-books, audio books, etc. At a time when Marylanders are practicing social distancing, they are relying ever more on digital media and products. This bill takes \$120 million/year out of the pockets of our citizens and our economy.

HB 732, sold as a tax on “large corporations” will still have a detrimental impact on Maryland’s small businesses. Not only that, the bill sits on questionable legal grounds as it likely violates federal law and will most definitely be challenged in court.

Prior to the COVID-19 State of Emergency, the members of our Caucus had grave concerns about the financial toll the massive increase in spending found in HB 1300 would have on our state. Now that Maryland’s economy is withering as a result of the COVID-19 crisis, Maryland’s revenues are in free-fall. The Board of Revenue Estimates has already projected a shortfall of nearly \$3 billion by the end of the 2020 fiscal year. Without your veto, this bill that increases state and local spending by \$4 billion per year would become law the worst possible time.

There is no way to know exactly when or how our state's economy will rebound. So much of our national economy is at a standstill; it could be several years. The financial triggers in the bill do not, in our view, go far enough to protect Maryland's citizens and businesses from crippling tax increases.

At their inception, these bills were ill-advised. Given the current state of affairs and the global impact of COVID-19, these bills are now also abysmally timed. Marylanders could not afford these bills when they passed and they certainly cannot afford them now. We respectfully urge your veto of HB 1300, HB 732, and HB 932.

Sincerely,



Nic Kipke  
Minority Leader



Kathy Szeliga  
Minority Whip