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MD's Big Spenders: "Cuts and Hikes: You Can't Have One Without the Other!"

Legislation will remove recently imposed sales tax on computer services in exchange for budget cuts and a new millionaire tax

Washington, D.C. – Last Saturday, state lawmakers in Maryland passed legislation abolishing the nearly three month old computer services tax on Maryland's technology industry. The legislation repealing the tax makes provisions, including a substitute tax, to cover approximately \$200 million in lost revenue. Cuts include \$50 million dollars from transportation and another \$50 million at the discretion of the state's Board of Public Works. The rest of the revenue is going to be made up with a tax hike, up to 6.25% on the income of Marylanders making over one million a year.

The original technology tax, which was intended to fix a glaring budget hole, was extraordinarily unpopular and widely regarded as severely damaging to Maryland's tech sector. The 6 percent sales tax increase specifically singled out the computer services industry, effectively angering many in the IT community.

"While I'm happy to see the tech tax repealed, creating a new tax to take its place just proves that Maryland's big spenders are not on the side of the taxpayers." said Grover Norquist, president of Americans for Tax Reform. **"The public cried out against the tax hike, and legislators responded with a political shell game that does nothing to solve the government's overspending problem."**

The legislation is now headed for Democrat Governor Martin O'Malley's desk to be signed into law. If it is, Maryland will join Michigan as yet another state to repeal a tax on services with months of enactment.

"The good news is that Marylanders were not happy with the government picking winners and losers in the service industry." continued Grover Norquist. **"The bad news is that legislators reacted by replacing one bad idea with another. All taxes take money out of the private sector, and with this increase Marylanders may find themselves hurled out of the frying pan and into the fire."**