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submitted to the

Senate Budget & Taxation Committee

regarding

S.B. No. 819

the Maryland Funding Accountability and Transparency Act
sponsored by Sen. Alex Mooney

February 19, 2008

Thank you, Chairman Currie, and Members of the Committee:

My name is Sandra Fabry, and I am state government affairs manager of Americans for Tax Reform, a national taxpayer advocacy organization based in Washington, DC.

I would like to offer testimony in support of S.B. 819 the Maryland Funding Accountability and Transparency Act sponsored by Senator Alex Mooney. We believe that this bill is a tremendously important step towards greater fiscal accountability.

This measure would provide for the creation of a single, searchable website that will allow taxpayers to track government expenditures, specifically state awards over the amount of \$25,000 including, but not limited to, grants, contracts, and purchase orders.

Since the passage of the Federal Funding Accountability and Transparency Act of 2006 which resulted in the creation of www.USASpending.gov, Americans for Tax Reform has been working with policymakers and activists around the country to pass legislation and get executive orders signed that emulate and ideally go beyond the federal legislation.

In 2007, five states (Kansas, Oklahoma, Texas, and to a more limited extent Minnesota and Hawaii) passed legislation that mandates the creation of comprehensive websites for state expenditures. In most cases, these bills enjoyed broad bipartisan support. Several other states including Texas, Missouri, South Carolina, and, just this month, Louisiana have already taken executive action or are looking to do so.

Several of the websites mandated by legislative or executive action have already gone live, and provide taxpayers with an opportunity to track their tax dollars at a mouse-click. Among these are Texas, Oklahoma, Missouri, and, since the beginning of March, South Carolina and Kansas.

Reception of these websites has been great so far. A poll commissioned prior to the passage of the Oklahoma legislation found that 72% of respondents supported the creation of

the website. A similar poll commissioned in the State of Maryland found an even greater mandate: **Over 80% of Marylanders support the concept of transparency in government spending.** Opening the state's books will make it easier for taxpayers to get involved in the political discourse, and taxpayers truly appreciate this opportunity to track their tax dollars.

In less than six months after its creation, the Missouri Accountability Portal (MAP), created via executive order by Gov. Matt Blunt, had over 2 million visitors. And the Texas website often experiences delays due to heavy traffic on the site – all of which goes to show that people do care where their tax dollars are going.

You may ask what do these websites accomplish - I cannot report of any “smoking gun” that has been found – no major scandal. But this is not the goal. This is not a “gotcha” effort. SB 819 is part of a sensible effort that will help eliminate the potential for fraud, waste, and abuse, and can bring about real and tangible savings.

Here is just one example: Texas Comptroller Susan Combs told us she used information from the spending portal hosted by her agency to generate \$2.3 million in savings. Among these was the discovery that the agency had five contracts for toner. Those contracts have since been consolidated into one contract at a cost saving of about \$73,000. The office also saved \$250,000 by not printing a study that was already being printed by another agency.

Transparency Begets Accountability

This movement to increase transparency in government spending rests on the notion that transparency begets accountability - a principle that was understood by the Founding Fathers. Thomas Jefferson once said: *"We might hope to see the finances of the Union as clear and intelligible as a merchant's books, so that every member of Congress and every man of any mind in the Union should be able to comprehend them, to investigate abuses, and consequently to control them."*

Obviously the Founding Fathers lived in a time in which information traveled much slower than today. But they certainly understood that accountability is one of the cornerstones of the Republic in which we live, and that transparency is the prerequisite for accountable government. After all, the “consent of the governed” from which government is to derive its just powers is much more meaningful if it is informed consent.

Support for Spending Transparency Crosses Party Lines

Because it goes back to one of the most fundamental principles – accountability – this movement has broad bipartisan support.

It brings together unlikely allies: Sens. Tom Coburn of Oklahoma and Barack Obama of Illinois who sponsored the federal legislation. Consumer advocate Ralph Nader and taxpayer advocate Grover Norquist who co-signed a letter to governors around the country urging them to emulate and go beyond the Coburn-Obama bill. Democrats and Republicans.

This is not a right-left issue, it is a right-wrong issue. There may not be agreement on how the money should be spent, but there is agreement that taxpayers should be able to scrutinize government expenditures. In today's digital age, there is no justification for keeping taxpayers in the dark as to how their tax dollars are being spent.

A little over 200 years ago, the Founding Fathers had the vision – today, with the technological advances at hand, we have the tools at our disposal to make it a reality. And, as experience has shown, we can do it at little cost to taxpayers.

Addressing the Cost Issue

The federal legislation was given a price tag of less than \$20 million - that is for the entire federal government. Since the federal government purchased the software from a watchdog organization (OMB Watch) at a cost of \$600,000, www.USASpending.gov was actually created for less than \$1 million dollars. OMB Watch has since announced that they would make their software available open source soon.

Gov. Blunt of Missouri created the Missouri Accountability portal within existing staff and revenues.

Oklahoma's fiscal note estimated a cost of \$40,000 for website development and programming. Future costs to fully implement the website as originally conceived were calculated at \$245,000-\$260,000. The actual cost to build the website (which will still be improved) was: staff time and \$8,000 to pay for the software.

Companies like Google and Microsoft have offered to partner with states in their endeavours to make government spending information more accessible, helping to further defray cost.

ATR will also be happy to assist in establishing contacts with some of the technological experts on the 'nuts and bolts' of how to create a website for government expenditures.

One thing we suggest should be considered as this bill moves forward, is the lowering of the disclosure threshold, which is currently at \$25,000. This would help taxpayers to get an even clearer picture of how their tax dollars are spent.

With this bill, Maryland has the opportunity to empower its taxpayers, and that is an opportunity that should not be missed.

Americans for Tax Reform urges a favorable committee report on SB 819 and is looking forward to working with you to advancing accountability and transparency for the sake of Maryland taxpayers.

Thank you for allowing me to submit this testimony and for your commitment to seeking effective solutions for the State of Maryland.