



TAX REFORM FOR MARYLAND

The Lollar-Timmerman Plan

We *can* bring prosperity back to our state, but it will take bold leadership to roll back seven years of fiscal policies that have done tremendous damage to our families, our youth, and our job creators.

We must work together to PHASE-OUT the state income tax on both individuals and small businesses taxed as individuals over 5 years. At the same time, we must reduce the corporate income tax from 8.25% to 5%. This is our commitment to creating a brighter economic future for our children. We want Maryland to attract families and businesses, not drive them away.

As your Governor and Lieutenant Governor in January 2015, the first budget we submit to the General Assembly will eliminate the state income tax on low income earners, reduce the corporate income tax to 5%, and reduce the rate families earning up to \$150,000 from the current marginal rate of 4.75% to a flat 3%.

We will also:

- Repeal the "Rain Tax," which hits individuals and businesses alike;
- Completely eliminate "Death Taxes" – both the estate and inheritance taxes – which imperil family-owned businesses, including family farms.
- Repeal the new Gas Tax, which simply increases the cost of business and takes money from families to compensate for government waste and the diversion of funds from the Transportation Trust Fund.
- Audit all legislation establishing speciality taxes on businesses with a view to eliminate as many as possible

For Individual and Small Business (those taxed as individuals) Income Tax Reductions

2013		2013		2015			LOLLAR - TIMMERMAN TAX REFORM PLAN (Flat Tax Rates Applied to Taxable Net Income – No Marginal Rate)	
Taxpayers Filing as Single, Married Filing Separately, Dependent Tax- payers or Fiduciaries; Tax		Taxpayers Filing Joint Returns, Head of House- hold, or Qualifying Widows or Widowers		GOVERNOR'S PROPOSAL TO LEGISLATURE TIME FOR ACTION!				
<i>Taxable Net Income 2013</i>	<i>MD Tax 2013</i>	<i>Taxable Net Income 2013</i>	<i>MD Tax 2013</i>	<i>MD Tax 2015</i>	<i>MD Tax 2016</i>	<i>MD Tax 2017</i>	<i>MD Tax 2018</i>	<i>MD Tax 2019</i>
\$0 - \$1,000	2.00%	\$0 - \$1,000	2.00%	0.0%	0.00%	0.00%	0.00%	0.00%
\$1,000 - \$2,000	\$20 plus 3.00% of excess over \$1,000	\$1,000 - \$2,000	\$20 plus 3.00% of excess over \$1,000	0.0%	0.00%	0.00%	0.00%	0.00%
\$2,000 - \$3,000	\$50 plus 4.00% of excess over \$2,000	\$2,000 - \$3,000	\$50 plus 4.00% of excess over \$2,000	0.00%	0.00%	0.00%	0.00%	0.00%
\$3,000 - \$100,000	\$90 plus 4.75% of excess over \$3,000	\$3,000 - \$150,000	\$90 plus 4.75% of excess over \$3,000	3.00%	2.00%	2.00%	1.00%	0.00%
\$100,000 - \$125,000	\$4,697.50 plus 5.00% of excess over \$100,000	\$150,000 - \$175,000	\$7,072.50 plus 5.00% of excess over \$150,000	4.00%	3.00%	2.00%	1.00%	0.00%
\$125,000 - \$150,000	\$5,947.50 plus 5.25% of excess over \$125,000	\$175,000 - \$225,000	\$8,322.50 plus 5.25% of excess over \$175,000	4.00%	3.00%	2.00%	1.00%	0.00%
\$150,000 - \$250,000	\$7,260.00 plus 5.5% of excess over \$150,000	\$225,000 - \$300,000	\$10,947.5 plus 5.5% of excess over \$225,000	4.00%	3.00%	2.00%	1.00%	0.00%
Over \$250,000	\$12,760.0 0 plus 5.75% of excess of \$250,000	Over \$300,000	\$15,072.5 plus 5.75% of excess over \$300,000	4.00%	3.00%	2.00%	1.00%	0.00%

We recognize that many counties and municipalities will seek to continue the so-called “piggy-back” income taxes they currently assess. We believe that as we phase out the state income tax, some counties and municipalities will see the benefit of phasing out these taxes, as well.

As the phase-out of the state’s personal income tax begins, economic activity will increase, helping to the decline in income tax revenues. We call this a “virtuous economic cycle.”

Specifically, we will see corresponding increases in:

- Sales tax revenues -- because Marylanders will again have more to save and spend as a result of our tax policies.
 - More jobs available due to the reduction in the corporate income tax rate.
- Property values – and the corresponding property tax revenues.
- The opening of new businesses and employment opportunities, again increasing economic activity by business and consumers – further growing sales tax and property tax revenues.
- Current business expansion, spawning further economic growth – and the attendant sales and property tax revenues.

At the same time, we will see reductions in the cost of our state government to Maryland taxpayers, as we move to achieve economies and efficiencies through

- Reorganization of an executive branch, which now hosts 20 departments;
- Review of the missions, roles and organization of over 55 independent agencies;
- Eliminating waste and duplication among these entities, and
- A thorough review of department and agencies programs toward keeping those of genuine value and service to Marylanders and eliminating those that no longer serve a necessary role.