

MTEF Annual Report

JANUARY 2002

Maryland Tax Education Foundation, Inc.

ANNUAL REPORT

Thanks to loyal support from all of our members and contributors, the Maryland Tax Education Foundation has continued its growth in activities in 2001. Although our incorporation took place in 1997, with the help of attorney/author Joseph M. Getty of Westminster, Carroll County, and the assistance of CPA Barclay A. Greene of Olney, Montgomery County, and a \$1,000 downpayment from founding president William J. Skinner, a Rockville pharmacist and attorney, the Foundation really began doing more things in 2000 and 2001.

MTEF had co-sponsored four programs each titled a Maryland Institute on State Budget Analysis in 1997 and 1998, but in 2001, MTEF conducted the Fifth Insti-

tute. MTEF published six newsletters in 2001 and sent them to all of its contributors. These newsletters were also sent to all main county public libraries in Maryland. MTEF president William Skinner and vice president Bernard Browning, a retired corporate official of General Business Systems, sat in on numerous meetings of taxpayers and advocates to help them focus on important tax issues. For the MTEF cyber members and the public, MTEF constructed a website with the assistance of math teacher/web designer Rob Denise, son of Bob Denise of Oxford in Talbot County.

During the year 2001, MTEF made its first written contact with members of the Chambers of Commerce of Baltimore County,

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Project \$1.1 Billion Recovery

By Jeff Hooke

The MTEF played an important administrative role for Project \$1.1 Billion Recovery, a citizens group that was formed to fight the \$1.1 billion legal fee sought by

Peter Angelos from the State of Maryland. The fee relates to Angelos' demands for 25 percent of the \$4.4 billion settlement that Maryland entered into with the tobacco industry. The Project believes Mr. Angelos should be

SPECIAL POINTS OF INTEREST:

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Population Increase

Census Bureau updates shows that Maryland's population increased 74,000 to now more than 5.375 million.

94,000 babies were born, but 59,000 residents died. Another 39,500 moved from Maryland.

Each July the Census Bureau updates the figures for each state by using birth records, death records, and immigration and domestic migration data.

Could 74,000 more people require a large budget increase?

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Montgomery County and Prince George's County through mailings of thousands of newsletters. Although the financial contribution response was far less than hoped for, MTEF has become known by a larger and larger group of Marylanders.

Andrew Klingenstein, an attorney and professional venture capitalist, and Jeffrey Hooke, a financial advisor, professor, and author, both Montgomery County residents, came to MTEF to ask for support for their PROJECT \$1.1 BILLION RECOVERY. Together with the Maryland Taxpayers Association, MTEF participated in several events to support the Project's goal of reducing the legal fees collected by Peter Angelos Law Firm for the work it did or did not do in representing the Maryland Taxpayers in the tobacco industry litigation. MTEF participated by handling administrative affairs for the project, taking part in two news conferences in Washington, D.C. and Baltimore.

MTEF helped the Project founders contact almost every major non-profit health organization in Maryland to seek their endorsement of the Project. These non-profit groups mainly support the poor, and persons with various diseases or illnesses, much of it caused by tobacco, and they are always asking Taxpayers for more money to support their special cause. You know them all as they deal with lungs, hearts, disadvantaged, and the poor. Nevertheless, not a single one of these groups wanted to challenge Peter Angelos' Law Firm as part of the Project. MTEF also asked the Montgomery County Bar Association to enter the suit when it was at the Court of Appeals as an amicus, and it declined, saying the case was over when the Court of Appeals ruled. But Angelos and the State of Maryland have squared off for a May 2002 hearing before the Board of Contract Appeals.

Klingenstein and Hooke raised money for the Project. By the time MTEF was involved, they had already consulted an attorney who handled the Wisconsin suit to reduce legal fees there. MTEF officers assisted in these fundraising efforts as well. Around \$40,000 was raised for the Project after MTEF became involved. A special report on Project \$1.1 Billion Recovery was prepared by Jeff Hooke. There will be more to report in 2002 on the negotiations for Angelos' exorbitant legal fees.

2001 was a very productive year with our principal volunteers. MTEF does not have paid staff despite there being enough work for several people to do. And behind the scenes, our other Board members, retired businessman and former New Jersey mayor Bob Denise, Balti-

Continued on Page 3...

Fifth Maryland Institute on State Budget Analysis

MTEF stepped up to bat again with another 4-hour program that discussed the Maryland Budget. Attending the November 10th program were candidates for Delegate and Senate, a few current members of the Legislature, members of MTEF and local Taxpayer Associations.

This program was held at the Howard County College Business Training Center in Columbia where the school has classrooms.

Honorary Co-chairs started off the program. Former Maryland Senate President James Clark (D-Howard) and former Delegate Ray Beck (R-Montgomery) were the co-chairs and gave opening remarks to get the program underway.

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more attorney George Liebmann, and Rockville aerospace advisor and former Capital Hill staffer Harrison Fox, Ph.D. signed off on all of our projects, giving advice and helping us make every success during the year. Barclay A. Greene, CPA, of Olney, has done a great job of keeping our accounts and tax reports filed properly since 1997.

If MTEF had 50 cents for each one of the 2.4

million tax filers in Maryland, we could really do important projects that would get some attention. Thank you for the pleasure of serving MTEF as its president this past year. Help us make MTEF grow so that the Taxpayers have the information they need.

William J. Skinner, R.Ph., Esq.
President

Project \$1.1 Billion Recovery — continued from page 1...

fairly compensated for his efforts, but, as a matter of law, the \$1.1 billion request is grossly excessive in light of the work actually performed by the Angelos law firm.

The fee is now the subject of a dispute between Mr. Angelos and the State of Maryland; however, the Project believes that the Attorney General, Governor and various other State officials have conflicts of interest in arguing the case against Mr. Angelos, who is an influential political contributor. As evidence of this fact, the Governor and virtually every elected official have remained silent on the \$1.1 billion fee, even though such monies could be applied to a variety of causes for needy individuals.

From January through May, the Project conducted extensive research into this issue, and retained a law firm that had successfully intervened on behalf of citizens in a similar case in Wisconsin. In June, the Project held two press conferences, in Baltimore and Washington, respectively. These media events resulted in extensive press coverage, followed by multiple TV and radio interviews. A poll conducted by

the Project found that most Marylanders agreed with its position. The Project then contacted the editorial Boards of 15 major newspapers around the State, resulting in six editorials that favored a smaller, more reasonable fee for Mr. Angelos.

“The Project believes Mr. Angelos should be fairly compensated for his efforts, but, ...”

In July and August, the Project’s legal work continued, as its initial strategy of an intervention was complicated by the case’s shift from the Maryland Court of Special Appeals to the Maryland Board of Contract Appeals. On August 15, 2001, the Project asked the Board of Contract Appeals to appoint a Special Master to help resolve the case, because of the conflicts posed by the Attorney General’s involvement. The media publicized this request, but the Appeals Board rejected the Project’s carefully-tailored suggestion in only three days.

In October, the Project commenced regular advertisements in the *Baltimore Sun* to maintain the issue’s visibility in the public eye. Research regarding the appropriate legal tactics remained active, and a more aggressive public

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*TO GOVERN
THEMSELVES A PEOPLE
MUST HAVE KNOWLEDGE*

We're on the web at [www.
MarylandTaxEducation.
Org](http://www.MarylandTaxEducation.Org)

MTEF is a 501(c)(3) non-profit organization. Contributions are tax deductible from State and Federal Taxes if you itemize deductions.

Contribution or dues levels are in the lists in this Report. Copies of our Reports to the State are available on request from MTEF as well as from the Maryland Secretary of State, Annapolis, MD 21401.

Project \$1.1 Billion Recovery — from page 3...

relations campaign was tabled until the prospective legal costs were budgeted.

Fundraising, spearheaded by Andy Klingenstein and Jeff Hooke, continued through this time, and the Project raised \$50,000 for the fight through December 2001, some of this prior to MTEF becoming involved with special assistance.

Together with the Maryland Taxpayers Association, the MTEF and citizen sponsors of this project are aiming to convince Peter Angelos and the State of Maryland that the legal fees being requested by Angelos are exorbitant, unreasonable, and illegal.

The contract between Angelos and the State was not followed by Angelos and he should not get \$1.1 Billion. Write or call MTEF for a copy of the Angelos/Maryland contract to see the exact language concerning the legal fees and other requirements for yourself.

MTEF researches tax information, publishes newsletters, provides a website, and exchanges information with Marylanders, for Marylanders, to help educate Taxpayers about Maryland Taxes.

You can be a member. If you are interested in serving MTEF on its Board or on a committee, please contact the President soon.

Jeff Hooke, a financial advisor for corporations and a former Wall Street stock picker, spoke next about “An Overview of the Maryland Budget.” Hooke separated the income and the spending into some neat and understandable categories.

Next was Delegate Robert Flanagan (R– Howard/Montgomery) who talked about “How the minority Influences the Budget.” He mentioned the need to support core functions, one of which he defined as taking care of the developmentally disabled caretakers, rather than purchasing a new private plane for the Governor.

Warren Deschaneaux, the chief fiscal policy advisor to the Legislature, spoke next about the current status of the revenues and State expenses. Deschaneaux explained how his office and staff provide the alternative scenarios to enable the decision choices to be made. His title was “Strategies for Controlling Spending.”

Thomas Lee, Deputy Director of the Department of Budget and Management, the Governor’s budget staff, spoke regarding “The Maryland Budget Process.”

Charles Lapinski, a budget analyst with MRC, Inc., a company that does costs analysis for industry and government, covered the topic of “Local Government Spending.”

Senator Clark and Delegate Beck then came back to discuss what they would do if they were going back to Annapolis in January.

Finally, Chris Edwards, the head of Tax Policy Analysis of the Cato Institute, spoke about how Maryland fits in to the picture among other states.

The program was videoed by Doug Ritchie and Stan Doore, both semi-pro cable TV producers in St. Mary’s and Montgomery Counties, respectively. Copies may be available in the near future if the tape can be properly edited. Please inquire at MTEF if you are interested.

Free State Club -- \$10,000 and over

none

Admiral -- \$1,000 to \$9,999

none

Leadership -- \$500 to \$999

Robert & Margaret Denise, Oxford

Tax Educator -- \$100 to \$499

Robert Baldwin, Odenton

Bernard Browning, New Market

Richard Cheney, Odenton

Ray & Pat Jager, Chevy Chase

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Basic -- \$25 to \$99

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If you believe you should be listed here, please let MTEF know.

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U.S. Chamber of Commerce Tort Reform
Project

Admiral -- \$1,000 to \$5,000

Jeffrey Hooke, Chevy Chase
Ralph Hoxie, Oyster Bay
Andrew Klingenstein, Potomac
Sally Klingenstein, New York
William Snyder, Chevy Chase
George C. Williams, III, D.C.
Anonymous

Leadership -- \$500 to \$999

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Peter Gavian, Annapolis
Kenneth Timmerman, Kensington

Tax Educator -- \$100 to \$499

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Paul Wist, Towson
William Wymer, Darnestown

Additional Contributors

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Michael Holden, Chestertown
James Ketchum, Bethesda
Donald Merryfield, St. Michaels
Francis Rail, Baltimore
Edwin & Roslyn Stockham, Sykesville

If you believe you should be listed here, please let MTEF know.
Some contributions were designated for the Project \$1.1 Billion Re-
covery effort. MTEF sincerely apologizes if your name was missed.