
Extra Cash? Give it to Government. Thanks to Arkansas Governor Mike Huckabee for starting a fund that will accept extra money from taxpayers who want to fund programs. Although he has collected only about \$300 so far, he has gotten recognition by a copy cat in Virginia. According to the *Washington Times* a new plan has passed the House and will soon go to the Senate in Virginia. "It's the greatest thing since sliced bread," said Delegate M. Kirkland Cox, the sponsor of a bill that would expand — with better promotion and more incentives — an existing program that allows Virginians to make voluntary tax contributions.

The bill, Mr. Cox said, is not frivolous legislation. Officials expect that the proposal could add \$50,000 a year to the state treasury. Mr. Cox's proposal has cleared the House and is expected to come up soon in the Senate Finance Committee. The Colonial Heights Republican expects easy passage of the measure because, he says, there is no reason legislators would want to deny constituents the chance to fund favored programs. Legislators have introduced a bill to allow donations of excess money to the Commonwealth in exchange for placing names on the State's website. Thanks to Daniel F. Drummond of the *Washington Times* for letting us know.

Marylanders can always give extra money to MTEF and take a tax deduction for the gift. Any money MTEF gets will be used to explain and educate about Maryland Taxes. That is even better than giving money to the State for new programs. Of course, if Maryland wants to start a new program of collecting contributions, it had better cost less than a few \$ million, or MTEF may never get its own program off the ground.

Excuses for IRS. "A new federal government audit says that Internal Revenue Service employees manually calculating interest on back taxes get it wrong 27% of the time. Think that's bad? Then consider the IRS' own written explanation as to why its computers aren't always used to perform this frequent assignment: "Our current computer system does not have the capability to compile, assess and store all the necessary tax rules that will allow for complete and accurate systemic

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interest calculations." Janet Novak, *Forbes Magazine*, March 4, 2002.

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Likewise, Reductions Contingent on Legislation for FY 2003, include \$65 million from contributions to retirement funds, \$30 million from the Electric Generating Equipment Property Tax Grant, \$15.4 million from Aid to Private Colleges, \$6.6 million from the Private Donation Incentive Program, \$5 million from Baltimore City Community College, and others for a total of \$128 million.

Now you see the vacuum cleaner sucking up all the "done deals" from the recent past to get money to place in the current and next fiscal year budgets. Having done all of this, the Rainy Day Fund is still predicted to have \$500 million at the end of June 2003.

This is all the space we have to summarize the effects of the FY 2003 Governor's Budget on statewide programs. The old saying that "the devil is in the details" was never more true than in a matter like this budget crunch. There is also no doubt that excess spending during the past several years at rates far above many Marylanders' ability to earn money and pay taxes has contributed heavily to the development of these budget problems. Hindsight is always 20-20, but the will to not spend is weaker than the need for glory and power of promises among politicians.

Can Maryland reign in profligate spending by annual budget adjustments like those described in this article? The answer depends on the kind of politicians the people elect in November. On that issue MTEF takes the position that each citizen must have knowledge of the budget for the people as a whole to govern themselves.

Do we as a people have too much money and too little interest in fiscal matters to get out of this fiscal black hole? If so, then the government

government probably will ask for more taxes to feed its appetite of doing things. This could result again in having to cancel many hard fought decisions in future years that we thought we had made permanent in the past.

MTEF NEEDS MORE LEADERS

Every growing organization, especially one that uses volunteer leadership, depends on having a fresh group of people help out and eventually take over some tasks, so that growth can occur.

If you have an interest in helping MTEF with its work of informing and educating Marylanders about tax issues, then let us know. Write or call Bill Skinner or another officer. Our names and telephone numbers are on the website and in this newsletter.

SLOT MACHINES IN MARYLAND

This kind of gambling was allowed at one time until it created more problems than law enforcement and the public conscience could take. Some Maryland politicians think that slot machines will go a long way to solve education expenses, but the current Governor has refused to deal with the issue.

Now the upcoming election is bringing back slot machines to the forefront. One major candidate says slots will help the State raise money, the other says slots are not in the State's future.

What the candidates have not talked about so far are the kinds of controls that would be placed on slot machines if they are permitted in the state. The public debate should tell us candidate's positions.

First, should every machine be licensed, just like a car? If not, what is to prevent a license holder of 50 licenses from bringing in 65 machines?

Second, in the panic to find new money to pay for more spending, some legislators are willing to overlook almost anything about the license applicants. Should not Maryland have a system of background checks as stringent as for a license to carry a pistol? If not, why not?

What kind of review and license renewal system should slot machines have? Nobody so far has said a word.

And how much will a license cost? Some of the news articles published seem to say that only the horse racing tracks can have slot machines, as if these are going to be a "gift" to save horse racing for Marylanders. This idea of giving away the right to have slot machines, with no license, no background checks, no review procedures, seems like a buddy-buddy deal.

MTEF's Board recently voted that it did not favor slot machines, but if we are going to bring them to Maryland, then there are some conditions that must be placed on those who have them.

The right to have slots should not be a freebie to friends who contribute to campaigns for Governor or the legislature.

At least one other state set up a system of bidding and sold licenses for slots and gambling for about \$700 million. Maryland can do the same thing. Maryland should auction the right to have licenses to gamble if we are going to allow it.

MTEF will be compiling more information on this issue, but right now we understand that a single one-armed bandit can make \$200 profit per day and that the legislators behind the slot think that 35,000 machines is about the right number. Go figure! \$7 million a day, 365 days a year! And these greedy or anxious-for-money-legislators would give away the right to tax Maryland citizens on the pretext of saving horse racing in Maryland. Whoa there, Nellie!

Consumer losses at gambling are 1% in North America, 5.5% in Australia/New Zealand, 1.8% in Asia and the Middle East. Are we headed for a Middle East economy in Maryland? Richard Morais, writing in the April 29, 2002 *Forbes* Magazine says that "Driving this change is a state appetite for revenues. Lotteries, casinos, racetrack and sport betting — the impetus is no longer to contain the action to a limited number of state-sanctioned outlets but to let it flower and reap a bounty."

What bounty? Looking stupid for giving away licenses, creating more family problems, more law enforcement problems and more welfare cases?
