

GOVERNMENT

O'Malley needs votes

With special session set for Oct. 29, the governor must work to shore up support for his budget plan

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ANNAPOLIS — Maryland's General Assembly will meet in a special session beginning Oct. 29, Gov. Martin O'Malley announced Monday, but he likely has more work to do to shore up support for his budget plan.

O'Malley said he would call on lawmakers to consider a plan he has outlined to close a looming \$1.7 billion budget deficit for next year. He has proposed a revenue package that includes

the authorization of state-owned slot machines, combined with increases in the sales tax, corporate taxes and income tax for high earners.

The budget solution depends on revenue that could be raised over the first six months of 2008, so O'Malley said the state could save around \$600 million by dealing with the problem in special session rather than the regular General Assembly session that begins in January.

"We have the ability to come together," he

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said. "We have the ability to forge a consensus, and in so doing, we also have the ability to look at ourselves in the mirror in the morning and say we did the right thing."

Senate President Thomas V. Mike Miller Jr. said O'Malley does not yet have the votes lined up to pass his package. As negotiations continue, O'Malley may have to look to budget cuts to make his plan work, he said.

O'Malley has signed an executive order calling for the special session, but he does not control when the legislature adjourns or what it passes. Miller said the session should last 10 days, O'Malley said it would be complete before Thanksgiving, and it could run as long as 30 days.

Business leaders will have to work quickly to formulate their positions on the various proposals that O'Malley has put forward. Positions have varied across different industry groups, with some most concerned about the sales tax, others calling for a heavier load to be carried by slots, and still others worried by the proposed corporate and income tax rates.

Other groups, including the **Greater Baltimore Committee**, have called for more transportation funding, and many business groups have been waiting to see a complete package before they form positions.

Ellen Valentino, state director for the **National Federation of Independent Business**, said a survey of her members found concern over an increase in the sales tax, which would also be expanded to cover some services, as well as the income tax

code changes, which is likely to actually affect more businesses in the state than the corporate income tax.

"Clearly there's a level of concern," Valentino said. "The package they've put forward is going to have a negative impact on the business community." She added that she sees the potential for continued dialogue around the revenue package.

Kathleen T. Snyder, president and CEO of the **Maryland Chamber of Commerce**, said her organization continues to favor slot machines and additional cuts to spending, beyond the \$280 million O'Malley cut through the **Board of Public Works** in July.

She suggested that the state could find savings in its aid to local governments, an area that O'Malley has said repeatedly he does not want to cut. Regardless of what is proposed, Snyder said her organization will have to work quickly to solidify its positions.

"If there's a special session, and there are bills to look at, we'll rapidly call our legislative committee together to take a look at one bill or multiple bills," Snyder said. She noted that the chamber will not support combined reporting — a method of collecting corporate taxes that requires companies to calculate their in-state income, or an increase in the corporate income tax.

Miller said he believes a bill to fix the deficit will pass the legislature, but O'Malley still has

work to do leading up to the special session.

"I counseled him not to call a special session until he had the votes," he said, "but he's determined to go forward."

O'Malley still has some flexibility around the plan, since he has not yet revealed the legislation he wants passed. Spokesman Rick Abbruzzese said that will happen sometime before the special session begins.

O'Malley said he can find agreement in the legislature.

"It won't be easy, but I believe the support is there," he said. "There will by necessity in the legislative process be some adjustments ... but I do believe we can come together to do it."