

## MARYLAND LEGISLATIVE OUTLOOK

### **President of the Senate Thomas V. "Mike" Miller**

We're very proud of Maryland, our governor and the actions taken by the General Assembly during the recent special session. We had a budget problem – we were spending \$70 million more than we were taking in, largely as a result of the Thornton education funding formula. Our monies going to the counties had increased from 32% to 40% over the past five years, largely to fund K-12 public education. Education and health care are the #1 issues. We couldn't agree on a revenue source. Former Governor Robert Ehrlich wanted slots as a source, but he couldn't get it passed. Republicans can't vote for tax increases or they'll be hurt in the primary. As a consequence, during the special session, we had no Republican votes at all. They had their own vision – they wanted to cut the budget and cut money for higher education. It's a very big hole – \$2 billion.

As government, we have a certain responsibility to education, health care, the environment and public safety. During the special session, we raised the sales tax and the corporate tax. We couldn't get the votes to raise the gas tax. We have a huge problem in terms of gridlock in this state. We have more Ph.D.s than any other state in the country, we have more R&D money coming into the state than any other state in the country, and we're a huge biotech state. Roads and bridges are not just economic development issues; they're quality of life issues. When we raised the sales tax, we dedicated half that money to transportation – instead of putting it into the budget, we said \$400 million a year is going to transportation.

The big issue now is the computer services tax. I voted for it, and the Speaker voted for it. The country is moving to the service industry. I'm a businessman who has dozens of computers, and I don't mind paying a tax when my computers get serviced. People are seeing their real estate assessments going up, and their energy bills going up. These are tough times – almost recessionary times. As a businessperson, I write the tax off and don't pass it on to my customers. It may affect our profitability a little bit, but we're doing fine, as are most other people. We didn't impose a sales tax on food, like Virginia. We don't have a corporate franchise tax; and we don't have an inventory tax. We think we're well positioned for this century.

We had a major problem. The governor worked hard to deliver the votes. He brought moderates, conservatives and liberals together to solve the problem. Maryland is very friendly to business, and is well positioned in terms of business.

### **Speaker of the House of Delegates Michael E. Busch**

Just this year, Maryland was recognized nationally as the wealthiest state in the union, with the highest median income of any state in our country. That's a blessing. Being next to Washington, D.C. and having national institutes like Social Security, NIH and NASA and all the businesses that come with it certainly help us in this area.

Over the past 3-4 decades, we've prided ourselves in having a highly educated workforce – we have the highest percent of college graduates and post-graduates in the workforce. We are driven by an education budget – it is a mandate that we fund an adequate education for every child – that's what drove the Thornton formula. We lost a court case in Baltimore City, because we did not adequately fund every child. They stayed the decision so we could come back to Annapolis and come out with a formula to do that. That was a \$1.3 billion investment that everyone supported, but nobody could come to an agreement as to a funding source. We also reduced the income tax back in 1999. In my opinion, we should have found a revenue source to backfill that with, and we didn't. We have been cutting the budget every year trying to make things work, and are continuing to fund our education source without finding the revenue. We did that during the special session. I want to congratulate Governor O'Malley for his role in that.

I still think that after the special session and the infusion of revenue, Maryland's in a great position. A penny on the sales tax was the primary funding source. That does not put us in an uncompetitive position with our surrounding states. Pennsylvania's at 6%; and New Jersey's at 7%. In Pennsylvania, both Philadelphia and Pittsburgh have the ability to add on an additional penny sales tax to come back to them locally. Virginia taxes food, and they have a combination of a sales and a local sales tax. Washington, D.C.'s sales tax is 5.75%. The only state that's out of the category is Delaware, which has a gross receipts tax and actually taxes 143 of 168 taxable services up front. Maryland only taxes 39 of 168 taxable services. Our corporate tax, even though we raised it to 8.25%, is still below all of the surrounding states. Most of the other states are at 9% to 9.99%. We try to stay very competitive in that area. Recently there was an economic summit where one of the foremost economists in the country said that Maryland's economy is going to grow at 2-3% above the national average. They project 1% growth nationally, and they expect Maryland to grow at 2-3%. I think that's very important.

I think when we come out of this special session, the good thing is that we're going to have \$400 million in the Transportation Trust Fund (TTF), which has struggled for the past 10 years. We haven't had a gas tax increase since 1992. The Washington, D.C. area is the second most congested area in the country. The Washington Board of Trade, the Maryland Chamber and the Greater Baltimore Committee came down to Annapolis and asked for \$600 million to go into the Transportation Trust Fund. We have great transportation needs, and we believe a vibrant Transportation Trust Fund will help accommodate a growing economy.

We also believe that if we can limit tuition in our higher education institutions and our community colleges, we can give every Marylander an opportunity to get a college education and go into the workforce. I think that's very important from the standpoint of what we're trying to accomplish by raising these revenues. Bill Gates, the foremost entrepreneur of this generation, said no great economy is going to take place without great research universities around it. Maryland is turning into one of those great research universities. With Maryland, Hopkins and the university network that we have here, we're well positioned.

I think it's a great opportunity that we've put this behind us, and now we can start to address the things that are important. We have a lot of great resources.

I represent the City of Annapolis, and I can't tell you how many people come here to visit. We get 2 million visitors a year just at the State House, one of the most historic buildings in the country. We're getting ready to build a National Sailing Hall of Fame at the City Dock. When you can attract someone like Walter Cronkite to be your spokesman for a facility, you know you're on a national map. We're starting to get more of that. The national hall of fame for lacrosse is going to the Inner Harbor. The national finals are drawing 40,000-50,000 to M&T Stadium. Those are things we're drawing people into the state – it's not only business, it's also tourism and entertainment that are drawing people. I believe the quality of life we all enjoy in Maryland is something we can all take great pride in.

But we can't do it without you. Most of you are economic development officers; you're very competitive. You're trying to attract businesses. I think if we continue in the same direction and keep the same priorities – transportation, the environment, the Chesapeake Bay, K-12 education, and higher education – we'll be on the right track.

#### **Delegate Anthony J. O'Donnell, Minority Leader of the House**

In terms of the special session, we need to consider a different vision of how we spend public funds, set our priorities and do economic development. Republicans believe that taking hundreds of millions of dollars out of the private sector economy at a time when the economy is, at best, soft, is not a good idea. We think it is very risky to do that right now. A lot of the things that are being done are laudable. We all love education, higher education, research, good roads, transportation, clean air, clean water – all of those things. As Nancy Kopp says, if you have the votes, you can do anything you want to do, but you can't do everything you want to do. You can only do what you can do and what's sustainable. We believe the state's budget growth is not sustainable for the long run. In 10 years, the state's operating budget has more than doubled, but the average median income of our citizens has increased only 41%. Over the long run, from a spending affordability standpoint, you can't sustain that type of growth in the state's operating budget. It's not affordable; you can't do it all. We propose a different vision; not to cut the budget, but to rein in the rate of growth of the budget. We believe you can rein it in and have sustainable state budget growth that still helps us meet our priorities over time.

We also proposed a slots bill that would have brought in large upfront revenues. These slots licenses are being given away in the current proposal, if it ever becomes law, at about \$3 million a pop. We have market studies that show in the Washington-Baltimore region, they could be worth as much as \$400-\$500 million apiece. In Pennsylvania, they're being flipped for \$250-\$300 million right now. They are worth a lot of money to the citizens of the state. Instead of taking that money out of the private sector economy, from people who consume, and putting it into the government mill, we thought we should have a slots bill that gives us an infusion of cash to help solve the initial problem and rein in the rate of growth for a couple of years to about 3-3½%, and we will solve our structural deficit without any tax increases.

Republicans and Democrats have different philosophies. We believe business makes the economy grow, and government does not. It's philosophical and foundational for us. It's not a simple political calculation. We did propose our vision. We believe Marylanders have tough times right now. Gas and energy costs are hurting everyone right now. People are hurting, and to heap more taxes on them, we thought was a bad policy decision.

Over the last year, I've seen a lot of emphasis on environmental things, and that's good. But what I've seen de-emphasized over the last year is the Department of Business & Economic Development. Some of you are with that department. I've seen that de-emphasized in the halls of Annapolis for a year running – in the committees, in the legislation, in the discourse. We had a very vibrant – at the top of the totem pole – Department of Business & Economic Development for four years. We need a balance of a growing, thriving economy – businesses and economic development – as well as all the other things we need to do in this state.

The foreclosure rate is ominous. I think that's something the General Assembly will try to take up this year. But buyer beware is still going to be the guiding principle. In other words, we can't afford to bail out all the foreclosures. We don't have enough money to do that. So people will have to live with the decisions they have made, both from the corporate side and the individual side. We're going to try to do something, but we can't afford to bail that out. For economic development purposes, that's very significant.

Lastly, we have the potential for a tremendous problem in the state of Maryland with regard to our electric utility generating capacity. I worked in that industry for a long time, and I know it. The PSC says we are estimated to have potential rolling brownouts in the state of Maryland by 2011. That's of concern to me because we don't have the generating capacity we need. Yet it becomes more and more difficult to site, develop and build the generating capacity we need. There haven't been nuclear power plants built in this country for 30 years. I believe we ought to quit beating around this issue of electric utility generation. If we have a greenhouse gas problem, we ought to invest in nuclear, and we ought to do it in this state. There are economic development people in my home jurisdiction who very much want to see a successful new generation nuclear power plant built at Calvert Cliffs. I think it would be great for economic development, our county, our state and our country. That's the kind of economic development that we need and should get about.

#### **Senator David R. Brinkley, Minority Leader of the Senate**

We do have a magnificent state and magnificent opportunities. Despite what some want to portray, Republicans and Democrats do not have personality problems – we like each other and we like working together. However, we have serious policy differences in how we take this state forward.

We are facing some tough economic times. You are on the cutting edge of making sure that Maryland looks forward, not backwards. As we look at what's going on with Maryland vis-à-vis Virginia, the District, Delaware and Pennsylvania, we have to look at how we compete against the east coast and the country, and now where we are globally. That's where some of us have a challenge in trying to deal with what we're going to do to ensure that Maryland is competitive at the national level, so we can keep the cutting edge in research and development, biotech, or even manufacturing.

Maryland has gone from a blue-collar economy to where we are a half century later. Rather than lament that, we need to celebrate it because for our children and for ourselves, I think it presents excellent opportunities.

I do feel we're going to have to deal with some issues that we didn't know that we passed in the special session. Some of us didn't support some of that, but we can count numbers. We have to find out what we can do to make this state continue to prosper and do well. We're going to be looking at some social issues that are confrontational. Sitting on the budget committee, we look at the numbers and look at how the state's going to do things – other committees are dealing with what we should do. We do have a tremendous group of people – no matter whether they're Democrats and Republicans, they do care about the state and where we're headed. We all have a difference of opinion on how to get there. That should be celebrated, not criticized or condemned.

By the numbers, we know how the Democrats and the Republicans stack up. Our point is to not to gum up the works; but to make sure that, with the few numbers that we have, we can point out serious differences of opinion and offer an alternate idea on how this state is to move forward. To his credit, Governor O'Malley approached the Republicans, looking for common ground. We do have a legitimate idea on how this thing is to go and move forward. It's going to be an interesting session. We're back to do what the people expect us to do. Our mission is to move forward in spite of the special session, in spite of what happened, in spite of what may or may not happen with the court case. There are always people looking over our shoulders. The legislators are not supreme – we are the peoples' representatives – it's up to all of us to keep remembering that.

#### **Questions from Sean Looney**

Senator Miller, what insight can you provide to help us understand economic development issues, development trends, and priorities in the state of Maryland?

Senator Miller: You should get involved in politics. Pick a party, but don't register as an independent because then you can't vote in the primary. Primary votes are important. Get involved, find out who your state senator is, and who your delegates are, and stay in contact with them. They want to hear from you, especially if you live or work in their district. Your income taxes come back to where you live. In Baltimore City, it was not white flight, but green flight – people with money moved out of the city. As a result, the money does not come back to Baltimore City, although the problems remain there. Hearing your views will bring the right and the left back to the middle, because the people are in the middle. Elected officials in the middle are opting out of politics – people like Bill Bradley, Sam Nunn and Nancy Kassebaum. The far left prevails on the Democratic side, and the far right prevails on the Republican side, and the people in the middle don't count. Pick a party, get involved and let people know how you feel. Explain the biosciences to them, talk to them about research and development, and tell them about how your company is thriving in these economic conditions. When you do that, you help me and you help both parties govern better, because not every person in business is involved in the General Assembly. One of the problems in participatory democracy is that people in business do not participate in the political process. If you don't participate in the process, you've got to inform and educate the people who are. Write, call, and make political donations to people who represent your views, whether Republican or Democrat. Today, to get elected to the House of Delegates, people have to spend \$300,000 – for polling and direct mail. It's very difficult for new people to get involved in politics, largely because of the expense. Get involved with your thoughts, deeds and money, and you will effect change.

Speaker Busch, you used to be Chairman of the House Economic Matters Committee, which handled most of the critical business issues of the state. I remember when you stuck your neck out for business. Mr. Speaker, what insight can you give us on how to make an impact in Annapolis on economic development issues?

Speaker Busch: I can give you my perspective on Maryland's economy and what drives it. In 22 years here, I've seen our economy go from an agricultural to an education-driven economy. We're next to Washington, D.C., and we're privileged to get more grants from the federal government than any other state in the union. Between the University of Maryland and Johns Hopkins, we get over \$1 billion a year from the National Institutes of Health. Johns Hopkins is Maryland's largest employer, with 45,000 jobs. They grow 1,000 jobs a year. NIH has about 25,000 employees. The more buildings we build on the Hopkins campus, the more research grants they get, as long as the federal government continues to fund them. To fill those jobs, you have to have an education. As our economy derives from the initiatives that take place in Washington, and all the businesses that form around them, it all really centers on the energy of our major institutions – NSA, Lockheed Martin, Northrop Grumman. You have to have the educated workforce to go along with that.

When I chaired Economic Matters, and the economic development secretary would come down, we would analyze what was the most important thing to businesses settling here, and it was an educated workforce. That was their #1 priority. They wanted to know whether they could retool their workforce at the community colleges and the four-year university systems. Were they going to be able to raise their families and have the opportunities to go to a good public school system? Recently, Maryland's public school system was ranked third in the country. We make a huge investment in that. I believe our economy

is driven by an education-based workforce, and I think the more people who qualify in that workforce, the more vibrant our economy is going to be.

I think transportation goes hand in hand with that vision, because you have to move from place to place. People in the D.C. suburbs tell us it's easier to fly from Washington to Boston than it is to drive from Washington to Baltimore. So you have to be able to relieve congestion in that area.

I believe that continuing to invest in educational opportunities throughout the state is our greatest opportunity to build the workforce. Obviously businesses come in and businesses leave, depending on the dynamics of how it's going to affect them. Our workforce in many areas, like Anne Arundel County, is at 3.3% unemployment. Howard County's probably at 2.5% and Montgomery is in that area. The areas that have the transportation network and the educational facilities seem to be doing very well. You've got to stay with the format that works. That's the formula that seems to do the best.

Every time I go to a business meeting, I ask everyone who can name their senator and their delegates to raise their hand. If you have a business in a community that depends on the votes that your representative casts and you don't know them, shame on you for not inviting them out and telling them what you do for the community and how many people you employ. The vast majority of times, businesses call their delegate when the legislation's on second or third reader, and legislators don't have the time. So if you have a business, invite your local legislators out there, tell them how many people you employ and what you contribute to the community. Tell them what regulations hurt you and what regulations don't hurt you. People have to be engaged.

Tony, we're aware of the partisanship and what's happened the last four years. What's your challenge as head of the minority party in the House of preventing that drift too far to the right – still being able to work with the party that still has a lot of control in Annapolis? Can you point to any successes where you have worked together with the Democrats to promote some good economic development initiatives?

Delegate O'Donnell: In my term of office, we have been faced with several different models of how to deal with a very prohibitive minority status in the legislature. Our caucuses were in more of a pure bomb-throwing mode during the Glendening years. When Ehrlich was elected to office in 2002, our role changed dramatically. We had governance responsibility, and that was probably the hardest four years of my life. It's tough to get those votes.

The minority party doesn't think we should de-fund transportation. During those four years, we made a major infusion into the Transportation Trust Fund. As the minority whip, I had to garner the votes to pass a major infusion of money into the trust fund; something you would think would be anathematic to Republicans. We provided the majority of the votes to pass that bill so we could improve our state's infrastructure. We are not opposed to investing in the state; we just think you need do it in a wise, measured and sustainable way.

We also believe in the environment. We delivered a lion's share of the votes on the Ehrlich initiative to clean up point source pollution into the Chesapeake Bay. It was referred to as the flush tax, but in fact it was a major investment in our environment. In fact, the Chesapeake Bay Foundation said it was the most significant piece of environmental legislation passed in 30 years. Although others pumped their chests about being environmental saviors, we did something about it. We partnered, and we believe that's important.

Now we're in a different mode. After the last election, Governor O'Malley presented us with a challenge – what were we going to be? Were we going to be the bomb-throwers of old? Were we going to be those who didn't have the horsepower for governance responsibility? We still had some level of responsibility to the citizens of Maryland. We didn't have the power, but we had to have some middle ground. As the minority, we have a responsibility to make sure things are done in a way that we should all be proud of. Things can meander off track, and someone needs to say we're off the road. That's our job. We also spent a lot of time this year as a minority caucus developed alternative economic proposals – slowing down the rate of growth, immediately realizing the value of slots to the taxpayers, and forestalling massive tax increases when the economy may not be able to handle it. We spent a lot of time doing that because we believe we have a responsibility to offer viable alternatives, which we've tried to articulate. Sometimes when that train comes down the track, you either get run over or get out of the way. We've tried our best to say there's a different way here. We will continue to work together where we can, but trying not to allow one party to go too far right has a counterbalance; how about the other party going too far left? If we stay exactly where we are, if the other party goes too far to the left, do we appear to be to the right, except we're right where we were yesterday? A lot of times, that's exactly what happens – the difference seems bigger, but we didn't go anywhere. We've been consistently saying the same things we've been saying, except we look further to the right because the other party has gone so far to the left. I think there is a middle ground on some issues. I think we can find a way to deal with some of this economic stuff – we may get an opportunity here to rework some of it, like the computer services tax. We could find common ground to fix that and not drive an industry out of the state, and we should do that. Some of these other things, we should work on together – we're willing to. We're willing to foster economic development, but we're not willing to give up our core principles and values and what we believe in for some other considerations.

#### **Audience Questions**

Dick Story: What's the probability slots will pass, and what will the General Assembly do if it doesn't?

Senator Miller: I think it will be a close vote, a tough vote. It's a good bill, but it's not the best bill. It doesn't generate as much money as we should be generating. We're losing \$500 million a year to our sister states – Delaware, Pennsylvania and West Virginia. This is personal disposable income that could be spent building schools in Maryland. What happened is Governor Ehrlich was denied the opportunity to have that bill passed under his administration, largely because of petulance. The other side said you denied our governor getting this bill, so we'll deny your governor the right, even though Governor O'Malley campaigned on it. So the members of the other party who voted for it previously said we're not going to vote for it this time, even though it might be a similar bill, but it's sponsored by a different governor. Governor O'Malley had to go among people who had voted against it in the past and didn't care for it and said we need your votes now. The only way he could do that was to put it to referendum and let the people decide. The only way to have the people vote on a bill is to amend the constitution, and that was done in the early 1970s, when we added the state lottery. It was put in place so we could have a vote by the people. We're hoping that it passes. It will mean \$500 million in state revenue that we're counting on to fund higher education and additional health care and to continue to balance the budget and keep our coveted AAA bond rating.

There will be a number of single issue voters who are angry and will vote against something rather than for something – a lot of church-going people who are against gambling. The *Washington Post* and the *Baltimore Sun* will be against it. But what they don't understand is there's no mood for increased taxation. We did the best we could this last time to balance the budget with cuts and taxation. We know where the public is – we're not going to raise any more taxes. What that will mean is \$500 million more in cuts. If we lose the computer services tax, it will mean \$200 million more in cuts. It means cutting programs for the environment and cutting money for health care. This is not scare tactics – it's a fact.

We are the #1 state in the union in terms of income. We have the highest educated workforce in the United States. We're #2 in research and development, and #2 or #3 in biotechnology. Maryland is a great place to live largely because we're right next to D.C., which was carved from Prince George's County in 1791. The capital of the free world is right here in the state of Maryland, and it's a great place to live, work and do business. But we need video lottery terminals because when you go to West Virginia, Pennsylvania and Delaware, the parking lots are full of Maryland cars. The locations that have been agreed upon are Rocky Gap, to stem the hemorrhaging of millions of dollars a year to bring economic development to Western Maryland; Ocean Downs on the lower Eastern Shore; Laurel racetrack, the geographical center of the state; the Cecil/Harford County border; and an economically deprived area of South Baltimore, which would bring back that area and raise money to allow us to reduce property taxes in the city, the highest in the state. A lot of thought went into the bill, and it will generate \$500 million that we can avoid cutting because we're not going to raise any more taxes, and we need this to pass. The top state officers will be urging its passage, and I hope we do. It's very important for our economy, and we need to move forward as best we can to get it done.

Delegate Busch: I think the bill on the referendum was a much more thought out piece of legislation than the one that came in originally in 2002. The tax on this bill is at 33%, as much as the vendors will get. The tax on the other was 47% that the vendors would get. They were driving the train at the time. One thing I learned about deregulation was the people with the information on their side were the people with the energy, the power companies. When Constellation went to the Public Service Commission, they were armed with the best minds on Wall Street. We didn't have the resources, and at the end of the day, they benefited greatly and the citizens who had invested in those plants for a lifetime didn't. So I think we put a better product on the ballot. During the issue of referendum, I said if your county wants a facility, now's the time to put it out there. If they wanted to add a location, they could have added a location. Nobody wanted to do it. Four or five of the locations that were selected were locations where people welcomed the facilities - Laurel, Baltimore City and Rocky Gap. The only one that was controversial was the one at Ocean City or Berlin. I think we put some protections in for the hotel and hospitality industry there. They can't build a hotel there, and there are limitations on what they could charge for alcohol and food through the local liquor board. So I think it was a well thought out piece of legislation. It will be in front of the general public – it'll come down to a philosophical standpoint whether you want it or don't want it. If it does come, obviously we will gain some revenue. If it doesn't come, we'll have to look to alternative sources. I think it was by far the best product that we could put out there. One of the arguments was that this would just open the door and it's going to expand. We haven't even had the vote on the referendum, and Baltimore City is already asking for a casino. You could have expected where some of this was going to go. Governor O'Malley and the members of the General Assembly did the best they could on that initiative.

I want to leave with this thought. I believe our best days are in front of us. I am excited about this session. I believe there are a lot of great things that continue to put Maryland in the forefront. I'm excited about working with this governor and the members of the House and the Senate to do that. There are a tremendous amount of things we can do with higher education and our transportation system, with the money we now have in it. The Chesapeake Bay is not only an environmental responsibility as our stewardship, it's an economic development tool. It's the largest free estuary in the western hemisphere. I think we have a lot of things we can work on together, and the dynamic a lot of the time is around you guys – tracking business and selling Maryland to people who want to come here. You do a great job. We have a wonderful state, and I think everybody ought to start with the premise that we're #1 and we want to stay there and grow and expand and be even better. I told our members yesterday there has never been a more talented group of legislators in the House than there is there today. If they don't care who gets the credit, there's no limit to what we can accomplish. We're looking to go forward from that point on.

Delegate O'Donnell: Slots are an important issue. To suggest that the Republicans were for slots when Ehrlich was here and then against slots when O'Malley was here – that's not what happened. What the Republican caucus did was to submit a bill in the House. It would not have been a constitutional amendment or a referendum that may or may not pass. It would have brought \$750 million into the state's coffers by auctioning off licenses in a competitive process for siting that would have put

the competitive forces that have made America great to work to help solve our budget crisis. We believe competition drives excellence. Giving these slots licenses away behind closed doors to hand-selected individuals at a very discounted rate to cut out some competitors is not right. Penn National Gaming couldn't compete in 27 states, and we're going to enshrine in our state's constitution five millionaires who are going to become billionaires. We didn't think that was right, so we offered an alternative. I'm as big a proponent of slots as Senator Miller is, but not if it gave the citizens' money away. We have a different idea of what slots should be.

Senator Brinkley: I voted against the referendum. I think we need to have slot machines. We have a slots venue in Charles Town, 20 minutes from where I live. But we need to do it right. We're probably going to get only one opportunity to do it right, and I feel that if any criticism of a political game can be levied, it should have been and was properly levied a few years ago. The bills that the Senate worked very hard on and moved forward would get a B or B+. The President and I would have liked to see some improvements to them. But we moved forward a decent product, and we were able to gain consensus on how that should move forward. The political games were played in the House from an obstruction point of view. It can be argued that had that been adopted, we would have had that \$700 million in this year's budget that we could have been dealing with, and perhaps the special session could have been avoided. I took to the President of the Senate the message that we were not going to support a slots bill during the special session, seeing that it was the sole issue that broke the logjam on passing the tax increases. We didn't feel that was the venue for it, we didn't feel it was appropriate for it, we felt it needed time to be responsibly developed and that doing it in the compressed period of a special session was wrong. We have it going to referendum because that's one way the House was able to procure the votes. What they're not telling you is that the opponents of slots could have taken it to referendum anyway, had they passed the bills earlier. They could have gathered petitions and put it on the ballot. That's happened several times in the state's history. Do we need it in the constitution? That question was asked and answered during the previous administration. The bills had moved forward, and there were no other issues as to whether the constitution allowed it. We know it does. The challenge we're faced with now is that in the constitution, those locations would be demarked, and I'm opposed to that. I would like to see a decent slots bill move forward, and I'd like to be able to change it legislatively as the economy and markets change in time and not have to go back to have the constitution changed. That's the fallacy with what's going on. I understand the politics with how we got to where we are, but at the same time, this state's losing \$700 million a year to other states. If you don't believe it, Charles Town, near my district, has the only parking garage in West Virginia, and it holds Maryland cars. Now we're going to end up with venues in Pennsylvania. We lost an opportunity many years ago, but that's water over the dam. With what we're faced with now, I think it was the wrong way to move forward with it. We'll see how it ends up. I am hopeful if we are successful with our suit, and I recognize leadership is very upset with our suit, having that whole referendum issue moved out, so that we can then move forward and advance a responsible slots bill for the state.