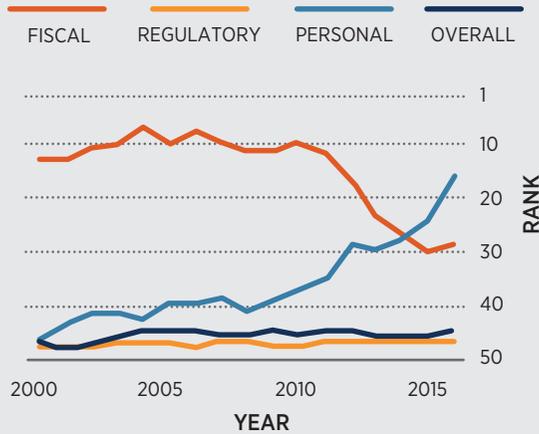


MARYLAND

2016 RANK
45th



POLICY RECOMMENDATIONS

- **Fiscal:** Trim spending in areas noticeably above national averages, such as housing and community development, corrections, parking lots, and sanitation. Cut individual income and property taxes.
- **Regulatory:** End rent control.
- **Personal:** Allow sales of wine and spirits in grocery stores statewide.



Population, 2017
6,052,177

Net Migration Rate
-3.9%



State Taxes, Percent of Personal Income, FY 2017
5.87%

Local Taxes, Percent of Personal Income, FY 2015
4.75%

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Real Per Capita Personal Income, 2016, in 2009 \$
\$47,936

Real Personal Income Growth, CAGR, 2000-15
2.4%

ANALYSIS

Maryland is one of the least free states in the country, and it has had this status since the beginning of our time series in 2000. It performs especially poorly on regulatory policy and has also slipped considerably on fiscal policy since 2000. It does enjoy locational rents from its proximity to Washington, D.C. One bright spot for the state is that its personal freedom rank has gradually increased over time from its cellar-dwelling score in 2000.

Maryland's overall tax burden is below average, contributing to the state's fiscal policy slide. Local taxes are much higher than average at 4.7 percent of adjusted personal income, while state taxes are a bit above at 5.9 percent. This would make for a favorable degree of fiscal decentralization if state taxes weren't also high. However, Marylanders do not have much choice in local government, with only one competing jurisdiction per 200 square miles. It is less indebted than other states and also features lower government employment at 11.1 percent of private employment.

Maryland is the second worst state on the most important component of regulatory policy, land-use freedom. Zoning restrictions are extensive, eminent domain abuse is mostly unchecked, and there is some local rent control. Its renewable portfolio standard has become consistently worse. At least it doesn't mandate free speech on private property. The state enacted a new minimum wage in 2013 and the figure has risen each year since then (it is \$10.10 per hour as of the summer of 2018). Maryland has no right-to-work law. Occupational freedom is extremely low. By one measure (index of statutory mentions of regulatory keywords), Maryland has one of the highest figures for licensed occupations in the country and is one of the most cronyist states. However, nurse practitioners were freed for independent practice in 2015. Cable and telecommunications have not been deregulated. It has a hospital certificate-of-need law but no such law for movers. Maryland has both general and gasoline-

focused laws against sales below cost. Its tort system is only about average.

Maryland is an average state on criminal justice, the most important category of personal freedom, but its recent reform efforts should help it rise in future rankings. The state's asset forfeiture regime has traditionally been slightly above average, but it got significantly better in 2016 with reform that required government to provide "clear and convincing evidence" to seize property. The state also passed the Justice Reinvestment Act, which eliminated mandatory minimums and reduced sentences for certain drug offenses. Crime-adjusted incarceration rates are a bit better than the national average, and drug arrest rates, which have been well above average, continue to fall from the heights of the mid-2000s and are now about average. Prison collect call rates are quite high. Smoking bans are comprehensive, and cigarette taxes are quite high (\$2 a pack in 2018), encouraging smuggling. Educational freedom is among the lowest in the country. Homeschools and private schools are tightly regulated, the latter more so (mandatory state approval and teacher licensing). The state raised the years of compulsory schooling from 11 to 12 in 2013-14. However, it did enact a limited voucher law in 2016. Maryland raised its travel freedom score by allowing people without Social Security numbers to get driver's licenses in 2013-14. It also raised its marijuana freedom score substantially by enacting a "real" medical marijuana law and decriminalizing small-scale possession. Alcohol freedom is decent because of privatization and low taxes; however, beer taxes were hiked substantially in 2011-14. Direct wine shipments are legal. The state has sharply limited firearms freedom and it is now a bottom-five state in this category. It mandates locking devices, registers handgun owners, requires licensing with safety training for handgun purchasers, licenses dealers, bans possession for those under 21 years of age, bans certain types of guns and magazines, and makes it extremely difficult to get permission to carry in public. Gambling freedom has expanded.