

before he became a member of the Board of County Commissioners. It was his idea that I speak to you on the topic, "Disposition of New Sales Tax Revenue." I agreed.

By "New Sales Tax," we mean, of course, not some new tax scheme, but the tax adjustments that were made last year to finance a new policy and program of the State to give additional financial assistance to local governments. I welcome the opportunity offered me to try to shed some new light on this subject, for, although it is a relatively simple situation, for the most part it has been widely misunderstood.

In the first place, I do not believe there has been general public acceptance of the very obvious fact that no tax adjustment was needed last year for State administration purposes, and not one cent of the revenue derived therefrom is being used for State administration purposes. All of the money that the State collects from the increased sales and cigarette taxes which were imposed goes directly to the twenty-three counties and the City of Baltimore to aid them in their own financial obligations.

I am not implying, of course, that you who are experts in the field do not know this. But I think it is a proposition that is well worth repeating.

In my address at the opening of the General Assembly this year, I cited what I considered to be some significant figures to indicate the State's growing and continuing concern with the financial well-being of its subdivisions. I think these figures are worth repeating here.

In the budget for the fiscal year 1959—the year that immediately preceded my accession to office—general funds distributed to the subdivisions amounted to \$92.2 million, or 50.3 per cent of the total general fund budget for that year. In the budget the general assembly is now considering—for fiscal 1963—I have recommended payments to the counties and Baltimore City totaling \$155.7 million, representing 57 per cent of the total general fund budget. In other words, since I have been Governor, these State funds to help finance local governments have been increased by nearly 70 per cent.

A sizeable part of that increase is a result of the new policy and program I referred to earlier—the initiation of the James Committee plan to aid the subdivisions, which is the main part of our discussion here today.

During the latter part of last summer, my office undertook to conduct an informal survey to determine just how the governments of Baltimore City and the counties intended to use the additional money they would