

was the clear intent of this Legislature and this Administration, expressed both by word and by deed, that the income tax increase which you authorized would not actually be imposed upon the people if a rising economy continued to pour revenues into our treasury in an amount sufficient to pay for our increased needs. It is a pleasure to me to report to you, at the opening of this special session, that The Board of Revenue Estimates has advised me that our economy has prospered—at a rate that is unprecedented, in fact—that our revenues have increased proportionately and that we are now in a position where we can safely do what we had all hoped we could do, and what we pledged ourselves to do—that is to say, remove the 1-per-cent increase in tax on ordinary income, which was scheduled to take effect at the beginning of next year, without jeopardizing the important new school program and the other vital State services it was intended to support.

A week ago today, the Board of Revenue Estimates, acting on a request that I had made some three months ago, submitted to me a revised statement of revenues for the fiscal year under which we are now operating, together with estimates for the fiscal year 1966. I shall not burden you at this time with the details of this report. The full statement of the Board, of course, will be made available to you for your deliberations. For our purposes now, it is sufficient to say that we may conclude from its figures of estimated revenues that the proposed tax increase will not be required to balance the budget for this year. Therefore, I am recommending that you, at this special session, enact legislation reducing the tax on ordinary income to the present 3-per-cent.

I would point out to you that the Board of Revenue Estimates, in support of the estimates of revenues it made, cites the general economic advancements which have been made, and in particular the boosting effect upon our economy of the reduction of the Federal income tax. The conclusions it reaches, from a study of current and possible future revenue trends, are corroborated by reports which I have been receiving from many sources, including recent calculations made by our Department of Economic Development. Undoubtedly Maryland, with the rest of the country, is experiencing the longest period of peace-time prosperity in all of its history, and we rejoice that this is so. You will recall, however, that a year ago, when the financial program which you enacted was being considered, there was something less than unrestrained optimism about the future economic condition of our country. Some of our leading economists,