

We have attacked the problem in this way. In 1962, I appointed a commission to make a study and develop detailed plans for such revision. The commission already has submitted an interim report, and the Legislative Council is now engaged in drafting legislation to bring about the revision, hopefully to be enacted in the 1966 session of the General Assembly. We have started with the premise that local governments carry the greatest burdens, that they now have but one basic source of revenue (the property tax) and that therefore a second broad-based tax must be made available to them.

This, in greatly simplified form, is what is being proposed:

1. That the State get entirely out of the property tax field, leaving this source of revenue entirely to the counties and the municipalities.
2. That the taxation of sales, not exclusively a State province, be reserved to local governments to give them a second broad-based tax. The State will continue to collect the tax, but will distribute it, two-thirds to the subdivision where it is collected, and the remaining one-third to be distributed through an equalizing grant.
3. That the taxation of individual income be reserved to the State, with provision that the present flat rate (now 3 per cent) be replaced by a mildly graduated income tax.

There are a great many other points in the revision plan, of course, but these are its salient points.

We, in Maryland believe strongly in preserving as much government at the local level as possible. Our public schools, for example, are entirely locally operated, but with substantial financial aid from the State treasury. But we realize that strong and efficient local governments cannot be maintained unless they have adequate sources of revenue. It is by giving the counties and the municipalities another of the three main sources of revenues—sales, income and property—that we hope to accomplish our purpose.