

possible to close this gap to some extent. But as long as our rate of increase in expenditures exceeds the revenue yield, a tax increase at some point will become necessary, just as it always has in the past. The one point we should all bear in mind is that surplus funds are not a resource always available for balancing budgets. In my way of thinking, it is simply good business management to conserve our existing resources, not only against the possibility of diminishing revenues but also against future demands that will inevitably be made upon the public purse — demands which must be met at some level of government.

How these demands of the future are to be met, and at what level of government, is the immediate concern of the Commission on State and County Finance appointed by me. After making a most careful study and evaluation of the problem, this Commission has decided that here can be no substantial revision of the local revenue pattern under our present tax structure. And thus, with the co-operation of the College of Business and Public Administration of the University of Maryland, the Commission has begun a full-scale study of the tax structure of Maryland at all levels of government. I am confident that this study will disclose how future governmental requirements can be met with the greatest equity as between taxpayers and with the least adverse impact upon our economy. Meanwhile, it is my hope that until the results of this study are made available to me no one will insist on any drastic or ill-advised change in the existing pattern.

The time limits of this message preclude any detailed discussion of the budget I am proposing. You will find departmental programs and other phases of the budget discussed in considerable detail in my printed message. Here today I shall confine myself to what I consider some of the highlights of the financial plan I am recommending to you.

Earlier, I mentioned, in passing, allowances which have been made for state employee salary increases, a measure by which I hope to improve the quality of the state's civil service and reward the men and women employed in our state government for loyalty and proficiency. In combined general, special and federal funds, these salary increases will total an additional expenditure of \$4,400,000. From the general fund, I am proposing an allotment of \$3,650,000, of which \$2,750,00 is the cost of recommendations made by the standard salary board and \$900,000 for longevity increments approved by the general assembly last year. To this should be added \$750,000 in combined special and federal funds for state employee salary increases.