

crease; \$8,000, present tax \$120.00, new tax \$168.00, net increase of \$40.00 to you; \$10,000, \$174.00 versus \$276.00, or an increase of \$82.00. These changes include what we call Federal absorption. In other words, your State tax is a deduction on your Federal return and you get a certain amount of credit for that. \$12,000, \$228.00 versus \$384.00 for a net increase of \$125.00; \$15,000, \$309.00 versus \$546.00 for an increase of \$185.00.

Now, I want you to remember that what we've just compared is income tax versus income tax, and as I indicated to you earlier this is not the total picture — because you have to see what that \$95 million I mentioned earlier is going to do to help your county or city hold down the property tax.

Let's look at a typical example in Baltimore City. A person with \$8,000 annual income and a home valued — that's current market value — at \$9,500 will pay \$10.00 more by way of income tax but will save in property taxes, due to the fact that that \$95 million or a portion of it is going back to the city to help meet local needs, \$80.00, a net saving of \$70.00. Now, I want to emphasize that this doesn't necessarily mean that your property tax is going to be lowered. I can't control what the needs are in your subdivision. That's a matter for local determination. But whatever the increase would have been, it will be lessened by the money we send back.

Here's another Baltimore City example: income \$12,000, a home valued at \$20,000.00; the income tax increase under the Lee amendment to the Hughes-Agnew plan is \$132.00, the property tax saving is \$169.00, representing a net saving of \$37.00. So you see I was right when I told you that you can't look at the comparison in income taxes alone, because that money that's flowing back to the city or the counties is used to reduce property taxes.

Let's look at Baltimore County. Here's a family of four — and all these examples are with a family of four — \$12,000 annual income and a home valued at \$17,500. They would pay increased income taxes of \$125.00, their property tax would be lessened by \$60.00, or they would have a net increase in taxation of \$65.00 annually. But suppose that this wage earner works in the City. In that case he becomes obligated to pay under the present system a half percent earnings tax to the City which would account for another \$60.00, making his net increase under the Lee amendment only \$5.00.

Let's look at Montgomery County, certainly a county that's wealthy as a subdivision and a county from which a certain amount of fear