

Q. In another area, you were mentioning restricting the property tax.

A. Well, it was in response to a question by Mr. Quinn as to whether or not the property tax should have a ceiling, and I simply indicated that the people who rate municipal bonds, who have probably the greatest knowledge of municipal government and county government and state government in the country, have indicated that a ceiling is needed where the balance of taxation gets completely out of hand, as it would have in this State had we been unable to effectuate a tax reform. Now, the property tax being the only tax in those areas that is available to local government to meet the rising costs of education, police protection and the like, it sometimes goes way out of hand percentage-wise to the value of the property. And their (the bond experts) index has been that it should not exceed 2 1/2 percent to 3 percent of the actual value of the property. Now, we assess on somewhere between 50 percent and 60 percent of valued basis which would mean, translated roughly, if our tax basis was 50 percent, that the property tax should not exceed \$5 to \$6 as an absolute optimum. Some areas have a higher property tax than this already, as you know. I think the city of Phoenix, Arizona, has a very high one. The last I heard, unless they have gotten it down, it was over \$10, and I believe Boston, Massachusetts, has a high tax too. It's not fair to point these out and say they're totally abortive without a total examination of the entire tax structure of those municipalities. But the general national feeling is that a tax on property is a very regressive tax, that it does hit hardest at the low income groups, and that when it exceeds the figures I just gave you it becomes rather much of a burden.

Q. Well, are you suggesting, sir, that there might be a State law prohibiting the property tax?

A. I suggested that, had we not had the tax reform to turn loose to the subdivisions a better way to meet their local needs, we may well have had to turn to this recourse to protect the property owners. I see no immediate crisis because the City has already indicated that it's not going to raise its property tax this year if it can possibly avoid it, that it's going to turn to the income tax in lieu of that. I think Montgomery County has already indicated that it's going to do the same thing, and I don't see any immediate crisis about the property tax. I do look for it to come down in certain other counties this year, a little bit.

Q. Would you include Baltimore City in this?