

only will this improve contacts with our more than one million citizens of that area, but it will also serve as a base for the new position of National Relations Officer. This individual, reporting directly to me, will replace a consultant with rather vague obligations and will have primary responsibility for maintaining liaison with federal officers and agencies — a responsibility which is growing rapidly in importance.

FISCAL REFORM

The most pressing problem facing all of us this year is that of fiscal reform to more equitably distribute the tax burden and to provide local governments and the State with resources necessary to meet the legitimate needs of our citizens. The 1964 interim report of the Commission on State and County Finance documented those needs, and it is not necessary for me to restate them here. Shortly after the election, with the knowledge and approval of the legislative leadership, I appointed a special committee chaired by Senator Harry R. Hughes to recommend a program of fiscal reform which could be implemented this year. At the time of the preparation of this message, that special committee has not yet issued a report; but, as soon as their recommendations are available, I shall transmit to your honorable bodies my proposals for such action. Most of us are in agreement that it is imperative to enact a fiscal reform program this year.

There are two additional problems of State finance which I wish to discuss with you — the provision of current revenues as a down-payment on capital construction costs, and the problem of recurring State surpluses in the face of precariously balanced budgets.

DOWN-PAYMENT ON CONSTRUCTION COSTS

The State of Maryland is the fastest growing state in the East. That growth causes a continuing need for new capital facilities. This is evidenced by the recent history of capital construction appropriations which follows:

<i>Fiscal Year</i>	<i>Capital Construction Appropriations</i>
1962-63 .....	\$22.4 million
1963-64 .....	26.2 million
1964-65 .....	28.1 million
1965-66 .....	31.6 million
1966-67 .....	40.6 million
1967-68 (recommended) .....	52.0 million