

Fiscal reform, in recognition of this reality, has created a better balance in the distribution of the tax burden. Income is the truest index of ability to pay; current income rises in ratio to the rest of our economy. Thus a local income tax is the most equitable means to finance local governments' expenditures. Fiscal reform has enabled local governments to grant a 50% property tax credit to persons over the age of sixty-five whose gross income does not exceed \$5,000. Fiscal reform has recognized that the property owner is only one type of citizen who benefits from governmental services. Fiscal reform has acknowledged that the elderly do not have children in the public school system and the pensioner does deserve a tax break. Fiscal reform has been based upon the sound economic principle that any tax burden upon the low income groups adversely affects their standard of living by reducing their total buying power, while upon wealthier groups it merely limits their saving power.

But fiscal reform does even more than end inequity. It is a positive step to assure growth and progress. This year Anne Arundel County's budget leaped to an unprecedented \$65.3 million—a 27% increase over the previous year. This was the second largest local budget increase in Maryland, yet your county government was able to finance an almost \$13.9 million increase with *only* a 3¢ (per \$100 assessed valuation) increase in your property taxes due to fiscal reform.

Fiscal reform brought Anne Arundel County net benefits exceeding \$7.5 million or the equivalent of a 91¢ per \$100 increase in your property taxes. That means that without fiscal reform your property taxes could have jumped 94¢ this year.

Fiscal reform allocated additional State aid to your County's school system totalling almost \$5.4 million. Fiscal reform for the first time in Maryland's history established State aid to local law enforcement agencies. Anne Arundel's streets and highways will be better patrolled because your law enforcement agencies will have almost one million extra dollars to invest in improved public safety.

Thus you can see what tax reform has accomplished. It has brought greater equity to the individual and provided for special individual problems and needs; it has created greater opportunity for community growth by easing local government's financial obligations through additional State aid and alternative revenue resources that equalize and balance the efforts of all our citizens.

We haven't thrown new taxes on the people but provided a just redistribution of the tax burden. We have put more money in our