

A. Yes, I think economy is in order in the budget but shortsighted pennywise economy that's going to be pound foolish is not going to be my objective.

Q. Governor, Montgomery County is going to push its income tax up to 50 percent.

A. I heard that, yes.

Q. I'm wondering, if this trend continues—that makes it six counties to do so—do you think that the existing new graduated income tax law should be changed sufficiently to continue to fund the increased demands for services at the local and State levels?

A. No, I don't think we're going to require a revision soon, but first of all the law provided that very flexibility that we thought would be needed to give the subdivisions something other than the property tax to turn to. Some of them are and some aren't turning to it, and I think there are over half who adhere to the very minimum 20 percent.

Q. The trend seems to be that more of them are jumping to the maximum fairly soon after the law was enacted.

A. I disagree with your analysis because I don't think there are over four subdivisions that have gone to 50 percent, four or five.

Q. Montgomery makes it six.

A. Well, that's certainly not a majority.

Q. Well, Governor, you don't see a trend at all?

A. No, I don't see a trend. And I would guess that if you ask the County Executive of Baltimore County, whose philosophy of taxation may be a little different than that of the County Council in Montgomery, he would tell you that he has no intention of increasing his income tax out there. I may be wrong, but I would guess that's probably what he would tell you.

Q. Do you anticipate that within the next four or five years that there will be any need for change in the graduated income tax?

A. Not in the next four or five years, no.

Q. Governor, recently the Department of Economic Development put out a two page news release, most of it describing the advantages and virtues of one new motel in Baltimore and one in Annapolis, talking about such things as valet parking, etc. Do you approve of this?

A. I approve of it if it's handled in an impartial sense so as not to prefer one competitor in the private sector against another. We have a