

corporate income taxes to produce \$18.8 million less than had been projected for their normal growth in earlier revenue estimates.

Recently published November sales tax figures show some improvement. I am hopeful that when the Comptroller and the Board of Revenue Estimates take another look at the picture and report to me in early March, the outlook will continue to be brighter.

Of one thing we can be certain now: The graduated income tax that you enacted last year is the most solid pillar of our revenue structure. It represents the best growth resource available to the State and to local governments to support future services. It is my personal belief that the income tax will yield more in the coming fiscal year than the amount now estimated for it. With the local surtax, this would mean that local governments could expect even more relief from property tax burdens than they can presently foresee.

It is also appropriate to observe that, had we based our fiscal reform program on the sales tax, we would be in real trouble at this moment.

THE 1969 BUDGET

With the uncertainty of how rapidly the yield from the graduated income tax will expand, or how much the growth of the sales tax will be curtailed, we must proceed with caution into the next fiscal year. I have directed State agencies to pull in their belts, to live within the income available. I am sure that you share my commitment to the taxpayers of Maryland that there will be no further increase in income taxes this year, or any adjustment in the sales tax, to meet spending desires.

These decisions are reflected in the budget bill which is being introduced today in both houses, and in my printed budget message and the budget books which you will receive immediately after this address.

Lest there be any concern that this is a budget of austerity in a time of affluence, let me repeat that it is not. You will find that it provides increased services to our citizens in carefully selected programs, and that its overall total of one billion 150 million dollars in State and Federal funds is \$82 million more than appropriations in the present fiscal year.

The General Fund, that portion of the budget over which we can exercise the greatest degree of administrative control, shows the lowest percentage increase in the past 20 years. The General Fund total of \$660.1 million represents an increase of only 6.1 percent over the