

A. I wouldn't say that they were. I'd have to hear from the mayor this afternoon. I could answer your questions a lot more specifically if I knew what was on the City's mind, but I don't at this point.

Q. What time are you meeting the mayor?

A. I believe it's 3:00.

Q. Governor, what's your reaction to the alternate tax proposal by Hess and Warfield?

A. Well, I said when the proposal was made — and apparently this is basically the same proposal that County Executive Anderson is espousing — I said when the proposal was advanced, I think it is a legitimate alternative. I do not approve of it because the purpose of tax reform in my opinion is the elimination of as much regressivity as is possible and I don't feel that the utilization of the sales tax accomplishes this. It is a known fact that the people in the lower income brackets spend 1½ percent or more of their incomes for sales taxes whereas people in a higher bracket spend only 1 percent. And the people who are most adversely affected by the sales tax, of course, are young marrieds. These are people who have to buy washing machines, dryers, refrigerators, stoves, all of the major appliances that the sales tax hits the hardest. Now I think that the other proposal on the other end of the spectrum, by Montgomery County, that the income tax be graduated more steeply is one idea, the Hess-Warfield plan is another idea, and it seems that what we have come out with is a legitimate compromise between the two trains of thought. So I am going to stick with the Hughes plan, the plan that was evolved with the assistance of the fiscal research people and the people that know most about the subject.

Q. Do you feel that the final plan may accomplish the other two proposals?

A. I'm sure there are going to be some compromises but I would hesitate to say how far we should back off the original proposal by the committee. From what I've seen and what has been offered so far, the original proposal is the best proposal for the State.

Q. Governor, you said you would veto continuation of the earnings tax. Would you also veto Hess-Warfield as it now stands?

A. Certainly if I were left with only Hess-Warfield and no other alternative, I couldn't veto it; it wouldn't be a responsible act. It's better than the earnings tax obviously.