

I assume your answer is you relate it to the first item.

DELEGATE CASE: Yes.

THE CHAIRMAN: Delegate Clagett.

DELEGATE CLAGETT: Thank you.

THE CHAIRMAN: Delegate Henderson.

DELEGATE HENDERSON: In this section dealing with exemptions, you apparently leave out any reference to what I might call local exemptions. This simply deals with state taxes and any tax imposed by the state.

Does that not rather leave things in limbo? I call your attention to the fact where you are dealing with the political subdivisions on the preceding page, you say that they shall retain the taxing powers they have at the time of the adoption of the constitution unless withdrawn by the General Assembly.

Would the same thing be true of exemptions? If so, why is that not stated in the exemption section, because it seems to leave them completely unregulated and beyond the control of anyone.

THE CHAIRMAN: Delegate Case.

DELEGATE CASE: Delegate Henderson, I think the answer to your question is that insofar as the power to exempt is carried with the power to tax, we discussed this at great length, and it is my feeling that this does follow. And that the due process clause would protect the taxpayer from unequal exemption within a taxing jurisdiction.

There is some doubt about this, I am willing to acknowledge that fact. It has also been suggested that this provision might have contained another sentence which in effect would say that for the future to make it abundantly clear this would follow, for the future all exemptions would have to be equalized or uniform.

We did not include that in the particular provision which is here before us, because in my judgment at least substantive due process would meet that point.

As far as existing exemptions are concerned, the section did not include that, although I might say the Eney Commission draft did, because the testimony before the Committee was that it would occasion a very serious, perhaps even catastrophic, dislocation of the economy of certain of the political subdivisions.

THE CHAIRMAN: Delegate Henderson.

DELEGATE HENDERSON: That may be true, but the example you gave of why you did not put any language like that in was that Baltimore County had a manufacturer's exemption or did not have a manufacturer's exemption, and Baltimore City did.

Within those two separate jurisdictions, we are delegating local authority to the subdivisions, counties, building them up, that would not present any problem in due process, but it nevertheless is an undesirable thing, because you have one county bidding against another for manufacturing industry and things of that sort by offering exemptions.

It seems to me in the long run that it is entirely an undesirable thing and by leaving any reference of it out of the constitution, you make it almost impossible for a change ever to occur, do you not?

THE CHAIRMAN: Delegate Case.

DELEGATE CASE: We hope not, Judge Henderson.

DELEGATE HENDERSON: I am wondering how it could be.

THE CHAIRMAN: Delegate Case.

DELEGATE CASE: Let me say this. That this is of course a choice of relative values again. For the members of the Committee, let me restate what I think Judge Henderson is getting at here.

It is a good point, and I will say exactly what the Committee did. We have in the State today a number of counties which afford certain tax advantages for the location of industry. Other counties have not seen fit to have the General Assembly provide them with this tool.

It was the feeling of the Committee that this procedure was one of local justification and since in a complete sense as you will see tomorrow when we get into the state indebtedness provision, it is hoped the State will get out of the property tax field.

The imposition of local property taxes under the home rule theory of government is going to be left pretty much to the local governments, and not controlled by the State.

It seemed to us that this is in keeping with the home rule theory which the Convention really has already adopted.

THE CHAIRMAN: Delegate Henderson, the Chair would like to add to that two