

State after being collected by the State. The counties and incorporated towns of the State will be receiving more of the State income tax in the future because of changes made in the income tax law.

The most important change in the State's revenue picture is caused by the enactment of the Sales Tax Law at the 1947 session of the General Assembly. The administration of the law was assigned to the State Comptroller. The law became effective July 1, 1947. It was necessary to organize a separate division of the Comptroller's Office to administer the law. This new division has been set up in Baltimore and at this time has been in operation two months, although it was necessary soon after adjournment of the Legislature to begin work of organizing the division and being ready for business on the date the law became operative. The experience to date both from the standpoint of administering the law and the revenue received has been satisfactory. I believe we have been able to work out the problems encountered with a minimum of annoyance and inconvenience to the various individuals and others engaged in business, and the returns from the tax thus far have indicated that the estimates of revenue from the tax made at the time the legislation was pending in the Legislature were conservative and will undoubtedly exceed the estimates to an appreciable extent.

### CONCLUSION

The statements which follow are intended to present a complete picture of the State's fiscal operations and I trust you will find them very informative. However, I should be very glad to have you ask for an explanation of anything which might not be entirely clear to you or for any further information you desire.

Respectfully submitted,  
JAMES J. LACY,  
Comptroller.