

which, deducted from the bonds issued, accounts for the increase in the Bonded Debt of \$5,839,000.00.

We have authorized, but unissued, the following bonds, which will not be issued until the need for the money coming therefrom is required in the carrying out of the provisions of the law for which the bonds were authorized to be sold:

State Office Building in Baltimore City.....	\$2,000,000.00
General Construction Loan of 1947.....	6,695,000.00
State Armory Loan of 1948.....	560,000.00
State House Improvement Loan of 1948.....	525,000.00

The Cash Balance in the Annuity Bond Fund at June 30, 1948 was \$1,356,408.34. The balance in that account at the end of the previous year was \$1,379,095.06.

The revenues from the several sources providing general funds for State operations, received in the Fiscal Year, exceeded the estimates by \$9,239,744.52. This increase was due in large measure to the receipts from Income Taxes and Sales Taxes exceeding somewhat the estimates made of revenues to be received from those sources.

The total receipts from Income Taxes in the year amounted to \$19,595,850.59, of which \$14,685,013.79 was applicable to the taxable year 1947; \$4,424,618.01 was applicable to the taxable year 1946, and the balance of \$486,218.79 was applicable to the taxable year 1945 and prior years.

Under the law as it is at this time the rate of tax on individual ordinary income will be 2½% for the taxable year 1948, being an increase from 2%, although the Board of Revenue Estimates has recommended that the Law be amended to continue the 2% rate for the taxable year 1948 because of the fact that the loss in revenue occasioned thereby can readily be absorbed by the excess General Fund Surplus we estimate we will have in the State Treasury at the end of the Fiscal Year 1949.

The rate of tax on Investment Income will continue at 5% on 1948 taxable income.

The rate of tax on Corporation Income in the taxable year 1948 will be increased from 1½% to 4%, in accordance with an amendment to the Law at the 1947 Session.

RETAIL SALES TAX DIVISION:

The Maryland Legislature at the 1947 General Session enacted the Maryland Sales Tax and Use Tax laws. It was originally estimated that the taxes would produce \$18,400,000.00 in their first year of operation. Actually, \$23,635,242.97 was produced in the first fiscal year, which represents the collection of eleven months' taxes. The new laws in their first year produced more funds than