

any other tax statute in the State of Maryland. The laws as originally passed provided for a tax on certain retail sales, to be collected at the rate of one cent on each sale of nine cents to fifty cents, and an additional cent for each multiple of fifty cents thereafter. The Legislature, at the Special Session of November, 1947, increased the minimum taxable sale from nine cents to fourteen cents. It is estimated that this change in the bracket from nine cents to fourteen cents resulted in the collection of a sum considerably less than would have been collected at the old rate.

During the period between the passage and the effective date of the Acts, it was necessary to establish offices, recruit personnel and write the Rules and Regulations without which it would have been impossible to administer the law. The Sales and Use Tax laws affect every citizen of Maryland and every business within the State, and many beyond its borders. Before the Rules and Regulations could be written it was necessary for the staff to acquaint themselves with the problems that the new laws would create in the course of different businesses. It was therefore necessary to meet with representatives of all of the major businesses and industries which would be affected by the new laws. These conferences continued for several months and their ultimate value has been proved by the results obtained. No Rule or Regulation has been successfully attacked and upset by Court proceedings and very little litigation has resulted from the Sales and Use Tax Laws.

Prior to and for a period after the effective date of the Sales and Use Tax laws, it was necessary to conduct an extensive educational campaign to inform the people of Maryland of the provisions of the new laws and the effect they would have upon their particular businesses. This was accomplished by a series of radio broadcasts, articles in the press, and meetings held throughout the State and in the District of Columbia. In addition, some thirty-five investigators spent the first three months that the law was in effect in visiting the persons who were required to collect the tax and explaining the operation of the law to them. After this educational campaign an enforcement campaign was started which has resulted in the collection of \$160,656.00 that would not have otherwise accrued to the State. The greater portion of this amount was not tax which had been collected by merchants who had failed to remit the same, but represented taxes which for one reason or another had not been collected at the time the sale was made. Several criminal cases were instituted for willful violation of the law, and in some instances jail sentences resulted. A number of formal protests against tax assessments have been filed, and as a result formal hearings were held to determine the validity of the assessments and the Rules and Regulations upon which they were based. To date we have not had an adverse Court ruling as a result of these formal hearings.

Of the \$23,635,242.97 collected only \$149.40 representing returned unpaid checks was outstanding as of June 30, 1948.