

SUMMARY AND ESTIMATED REVENUE NEEDED TO BALANCE BUDGET

The General Fund revenues for the fiscal years ending September 30, 1940 and 1941 are estimated to be \$12,205,365.00 and \$12,154,840.00, respectively. Both of these estimates contemplate the transfer to General Funds of the estimated excess revenue accruing to the Annuity Bond Fund. The General Fund appropriations, after giving consideration to the recommended savings with respect to the State Department of Mechanical Engineering, Commissioner of Loans and State Industrial Accident Commission, for the fiscal years ending September 30, 1940 and 1941 are \$20,823,003.00 and \$21,441,862.00, respectively.

The excess of General Fund appropriations over General Fund revenues being, therefore, \$8,617,638.00 for 1940, \$9,287,022.00 for 1941,—or an average of \$8,952,330.00 per annum.

The State Comptroller's estimated General Fund surplus for the fiscal year ending September 30, 1939, \$3,679,375.82. The State requires a normal working fund of not less than \$1,500,000.00, and there is no sound reason why \$1,000,000.00 of the estimated surplus should not be used in each of the succeeding two fiscal years to reduce the amount necessary to be raised by additional taxes to balance the General Fund Budget. The use of this much of the surplus will still leave an estimated General Fund surplus, as of September 30, 1941, of \$1,677,324.84: this will reduce the amount to be raised to \$7,617,638.00 for the fiscal year 1940 and \$8,287,022.00 for the fiscal year 1941.

In arriving at the amount required to balance the General Fund Budget, I have added to these figures \$550,000.00 for each of the two fiscal years to cover any additional appropriations for contingencies which may arise before the final adoption of the Budget by the Legislature or to revert to surplus.

Giving consideration, therefore, to this item, the additional revenue required to balance the General Fund Budget will be \$8,167,638.00 for 1940, and \$8,837,022.00 for 1941,—or an average of \$8,502,330.00 per annum. You will find appended hereto a detailed statement showing this entire computation.

Conclusion

Under the plans now determined upon, Maryland will have a balanced budget. It will balance its budget, not by diverting gasoline taxes, but by meeting squarely the issue and adopting an adequate tax program which will yield the required revenue. The gasoline tax money, which might have been diverted, will be spent on the roads of the State so that needed improvement can thereby be made. But, in accordance with the policy in which I am certain you and other public-spirited citizens concur, before we give attention to the imposition of new taxation, it is our obligation to the public to eliminate waste and extravagance.

This I have undertaken to do without, of course, any consideration of partisan or political purposes. This attitude is no more than should be expected because the members of the minority as well as the majority party in the General Assembly have very commendably given evidence that they will cooperate in everything which they think is for the best interests of the State. Accordingly it is no more than right that, in deference to them as well as to