

Institutions and Departments. The reduction in the real estate tax and in the income tax over the three year period will, to that extent, relieve the taxpayers of the State and thereby ease the burden of other taxes.

There is practically unanimous agreement in the Country that we must prepare for any eventualities which may result from the present European conflict. The National Defense Program has been accepted by the public as necessary to our safety and the continuation of our form of government and social organization. The cost of this program will be large and the people of Maryland will be called upon to pay their fair and just share. Their burden of this taxation will be relieved to the extent that the State Government is now able to reduce the taxes for the support of its various operations.

As you will note by the budget summary set forth in the budget book, the general fund revenues for the fiscal year 1942 total \$22,062,819.00. The items making up this total have been conservatively estimated, based upon past experience, but with the full realization that the present economic activity might not continue through all of the next two year period. Due to the uncertainty of world conditions, the future at the moment is not clear, and I feel the only safe course to follow with respect to State revenues should be on the conservative side. If to the figure of \$22,062,819.00, above indicated, there is added a surplus as of October 1st, 1941 of \$7,556,665.00 and an excess in the bond annuity account of \$196,886.00 which, under the law must be transferred to general Treasury funds, total resources for the fiscal year 1942 in general funds of \$29,816,370.00 are indicated. By the same method and using the same conservative approach, the total resources for the fiscal year 1943 in general funds will be \$27,764,802.00.

The State Departments and Institutions requested a total of \$49,062,543.00 for 1942 and \$50,437,806.00 for 1943 for salaries and operating expenses. I have carefully reviewed the very many items asked for in all these budgets, and have weighed the desirability of increased allowances against the imperative necessity of keeping the State Budget at a minimum which will provide provision for essential services and for carrying out the intent of the existing statutes. I should like to point out that, in the consideration of the recommended allowances, differentiation should be made between general and special funds.

General funds are those which are derived from general taxation and which are available for the support of the general government. Special funds are those which are dedicated by law for specific purposes; for example, the use of all funds derived from gasoline taxes and motor vehicle licenses for maintenance, construction and reconstruction of State roads, and also the funds received by the State Game Department which are by law dedicated to game conservation and propagation.

Obviously, the Governor has no control over the amounts available to special funds departments. He can and should, of course, control the detailed expenditures, so that the budgets of these special funds conform to his general policy, and should make sure that the money is spent in accordance with the laws creating the revenue and dedicating its use. With certain exceptions, which I shall point out, the Governor does, however, have control over the amount recommended for appropriation to the various general fund agencies.