

However, opposition was registered by the corporations and, after numerous hearings, the provisions were changed so that they differ widely from the original draft. As the bill now stands it is interpreted to mean that a railroad has the choice of selecting from several different methods the one which it chooses to follow in reporting to the State Tax Commission the amount of its gross receipts allocable to Maryland. It is argued that the railroads would naturally prefer to accept that formula which would cost them the least taxes. Furthermore, it is urged that different railroads might select different formulas according to their particular circumstances.

Through eminent counsel, the corporations interested in the bill take the position that the new provisions would make possible a more definite formula which, when once established, would make it possible for them to know in advance the exact requirements to be enforced by the State taxing authorities. They point to the fact that the bill specifies the measure by which they are to be taxed as determined by the so-called "all track" mileage or "main track" mileage. They further emphasize that the bill provides that that measure should be used "whichever more nearly reflects the actual gross receipts apportionable to Maryland".

However, the bill does not mention who is to determine this fact, whether the State Tax Commission or the corporation. This is a most important feature of the entire subject matter and might lead to a reduction in the amounts received by the State from this source.

I have also reviewed with the Budget Director and with the State Comptroller's Office the estimates of revenues expected from this source. It is manifest that a substantial amount of taxes is anticipated and that, if by reason of any change permitting the corporations to be relieved of taxes otherwise payable, it might have serious effect upon the State's fiscal situation.

I do not wish to indicate that the corporations are attempting to evade their obligations. Quite to the contrary I believe they are entirely willing to meet the just requirements. It is to be remembered that they did not initiate this measure and they are taking the expected course in striving to see that the bill is specific, workable, and uniform. My responsibility is one requiring a decision as to whether there is serious danger of impairment of State revenues with prejudicial effect to the State Treasury. Because of the wide difference of opinion among the various officials and representatives consulted, I have concluded that the bill should not be signed, therefore, I am vetoing it.