

dividends to the extent that they represent earnings of the corporation. Under the proposed amendment, amounts paid in complete liquidation or dissolution of a corporation would not be treated as dividends, even though wholly or partly comprising earnings of the corporation. Since the Maryland income tax law does not provide for any taxation of capital gains, this amendment would confer a special concession on one class of stockholders, those in a liquidating corporation. Stockholders receiving a distribution of earnings as a dividend from going corporations would continue to pay a personal income tax on same.

Successive taxation of earnings as income to a corporation, and again upon distribution, as income to a stockholder, is inherent in our tax structure, and no sound reason has been advanced for the discriminatory advantage proposed by this Bill to a select class of stockholders.

This Bill would appear to be particularly beneficial to the stockholders of collapsible corporations. The Federal income tax laws have recently been amended to restrict the tax advantages of stockholders in such corporations, and no reasons exists for relaxing this principle in Maryland.

I am, therefore, returning this Bill without my approval.

Respectfully,

THEODORE R. MCKELDIN,

Governor

TAXICABS

May 7, 1951

Hon. John C. Luber
Speaker of the House of Delegates
State House
Annapolis, Maryland

Dear Mr. Speaker:

I am returning herewith H.B. 138 without my approval.

This Bill as originally presented would have put Baltimore County taxicabs under the jurisdiction of the Public Service Commission just as Baltimore City taxicabs are and have been under that jurisdiction. There may be merit in the proposal to give jurisdiction to the Public Service Commission of the licensing of taxicabs in both jurisdictions.

However, in the course of its passage through the Legislature, the Bill was amended to change its entire character. As amended, it means that taxicabs licensed in Baltimore County in any number in the discretion of the County Commissioners