HOUSE BILL NO. 24*

February 23rd, 1954

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

Dear Mr. Speaker:

I am returning to the House of Delegates, without my approval, House Bill No. 24, which is designed to increase the State tax per gallon on distilled alcoholic beverages, but, at the same time, to reduce the State's income per gallon from this revenue source.

This would be accomplished by returning to Baltimore City and the counties in which the distilled beverage is sold one-third—or 50 cents—out of each $1.50 levied under the terms of the bill on and after July 1, 1955.

Under existing law, the State tax on such beverages is $1.25 per gallon, all of which is retained for State purposes.

Therefore, despite the proposed increase, the State would lose 25 cents per gallon in revenue. This 20% reduction would mean a loss to the State of almost $1,000,000 at the expense not only of users of alcoholic beverages, but of taxpayers generally.

I am opposed to such legislation for several reasons:

1. Working as closely as we are between State income and appropriations, we cannot afford to lose this annual revenue—conservatively estimated at not less than $915,000. By design or otherwise, it appears to be one of a series of proposed or potential steps that would force the State to increase other general fund taxes in the near future.

2. If House Bill No. 24 were to become law, it would increase the already heavy burden borne by the State as a tax collector for its political subdivisions—another foolish definance of the established fact that govenment is most efficient and economical when appropriating bodies have the responsibility of levying for the revenues from which they appropriate.

As I particularly noted in my Budget Message, the estimate of funds to be collected by the State and disbursed to the Civil Divisions—counties and municipalties—for their use is $87,642,974 in fiscal 1955.

Of this $36,024,745 is in direct payments from the State Treasury and $51,618,229 is paid through State agencies.

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* Passed over Governor's veto on February 25, 1954 and became Chapter 8 of the Acts of 1954.