

4. I am convinced that the increased cost of distilled beverages in most areas of the State that would result from this legislation would increase the illicit importing and distilling of such liquor.

I am reminded of the liquor interests' extensive lobbying last year for the passage of House Bill No. 14, now Chapter 783 of the Acts of 1953, providing an enforcement unit for the Alcohol Tax Division of the Comptroller's Office.

They pleaded that it was necessary to combat "the deplorable conditions which excessive cumulative liquor taxes have created in Maryland . . . the rebirth of illegal distilling and transportation, the growth of crime throughout the State, the decrease in the legal consumption of distilled spirits; the loss of County, City and State revenue; and the severe injury to legally operated local businesses."

These arguments were buttressed by an array of statistical information which undoubtedly had merit and which obviously impressed the members of the General Assembly. The same 1953 session of the Legislature passed, with little or no dissent, a joint resolution petitioning Congress for a reduction in the federal excise taxes on liquor and stated that "it is the considered judgment that the federal government has raised its excises beyond the optimum level consistent with the objectives of taxation and control; and has taken from the State of Maryland the power to restore the proper balance." There has been no reduction in the Federal levy.

In the fact of sound legislative policy thus expressed, it is difficult now to see how a state-wide increase in the tax could do other than accelerate the diminishing of its returns by increasing the incentive for importing and distilling liquor that yields nothing to the treasury of Maryland or its civil divisions.

5. The lowering of the State's income from the tax on alcoholic beverages would be entirely unjustifiable and indefensible when much more general, deserving and urgent fields for tax relief exist. While it is impossible to predict the fiscal position of the State more than a year from now, when this bill would take effect, it is clear that the general fund budget must depend primarily upon sales tax and income tax revenues, while the servicing of our bonded debt must rest, in the main, on the State real property tax.

Economic conditions might make it possible to reduce the sales or income tax, or, by appropriating to the Annuity Bond Fund, to reduce the real property tax, provided that we do not tamper carelessly with existing revenue sources, particularly when that tampering offers nothing to benefit