

May 6, 1963.

Honorable Marvin Mandel  
Acting Speaker  
House of Delegates  
State House  
Annapolis, Md.

Dear Mr. Mandel:

In accordance with the provisions of Article 2, Section 17 of the Maryland Constitution, I have today vetoed House Bill No. 850 and am returning this Bill along with my veto message.

This Bill provides that monies derived from the sale of State construction bonds shall be used only for capital improvements and not for maintenance or any other purpose. The Bill specifically provides that the costs of all maintenance work shall be included in and paid from the annual State budget.

The Bill further provides that the expense of any capital improvement costing less than \$25,000 shall be included and paid from the annual State budget, and finally, the Bill provides that the expense of any capital improvement project costing more than \$25,000 or less than \$400,000 "shall not be paid from the sale of State construction bonds and may be paid from the proceeds of a tax added to the State property tax rate or from special or Federal funds appropriated specifically therefor."

I have been advised that there is a serious question as to the proper legal definition of the term "maintenance work." Confusion on this point could affect the Chief Executive's control over the State operating budget.

Serious doubt has also been raised as to whether any capital improvement project costing more than \$25,000 or less than \$400,000 could be started until the actual funds were on hand, derived from a special or additional property tax. If this is true, such capital projects could easily be delayed as much as eighteen months.

A further question has been raised as to whether this Bill will jeopardize capital projects financed by self-liquidating revenue bond issues, such as are issued by the University of Maryland, Morgan State College and the State Roads Commission.

Finally, it appears that this Bill could result in the State property tax increasing erratically by as much as three cents to six cents a year.

I am in sympathy with the goals of a partial "pay as you go" plan, but the means to initiate such a plan already reside with the Chief Executive of this State and/or with the Board of Public Works. It is my intention to recommend the financing of all capital projects costing less than \$25,000 in the operating budget.

I am also seriously concerned about increasing the State property tax, which is a major if not the major, source of revenue for local governments. In this regard I am hopeful that the Commission on State and County Finance will clarify this issue.