

The point to be emphasized here is that the Constitution of Maryland requires us to adopt a balanced budget. Deficit spending is forbidden by law. The Board of Revenue Estimates is the legally constituted body whose responsibility it is to estimate the revenues which we may expect for any given fiscal year.

Using its estimates, as I did, and as fiscal prudence would require, it appeared at the time that the new school program could not be financed without additional taxation. Accordingly, I suggested, and you approved a 1 percent increase in the ordinary income tax to finance the school program and other anticipated needs for State services.

As you remember, some disagreement arose during the session as to the amount of revenues that could be expected for the fiscal year 1965.

One member of the Board of Revenue Estimates, changing a position he had taken earlier, contended that the estimates were too low. But the other two members of the Board, constituting a majority, declined to concur in that opinion and held that the original estimate was realistic.

You and I, of course, had no choice but to accept the estimate of the majority of the Board, and we proceeded on the plan that had been offered in the beginning.

It was at this point that the move was made to protect the taxpayers of our State against the possibility of overtaxation in the event that a continued upward rise in the economy produced a greater revenue yield than had been expected.

Acting on what we thought was an abundance of precedent, namely, legislation passed at the 1943 and 1945 sessions of the General Assembly, the bill before you at that time was amended to empower the Board of Public Works, through the means of tax credits, to return to the people surplus in excess of \$8,000,000.

This was our way of assuring the taxpayers of Maryland that the State had no intention of imposing upon them any unnecessary burden of taxation.

Moreover, in numerous public statements, including one state-wide television broadcast, I said positively and unequivocally that I would be the first to move for a reduction or repeal of the additional tax if economic conditions warranted it.

I said in this broadcast (and I quote):

“ . . . If we are fortunate enough to enjoy a period of economic boom— if the proposed Federal income tax reduction stimulates our economy to such a degree that a sharp increase in revenue to the State results, then I will be first to recommend a downward adjustment in the tax schedule. . . . ”

This is what I had in mind in the beginning of these remarks when I said that it was the clear intention of this Legislature and this Administration, as expressed by both word and deed, that no additional tax would actually be imposed upon the people if a rising economy produced revenues in an amount sufficient to defray the costs of the new programs we have undertaken.

The clamor and outcry of individuals or groups of individuals has had no influence whatsoever on the action we are about to take at this special