

House Bill No. 775—Retail Sales Tax

AN ACT to add a new Section 326 (y) to Article 81 of the Annotated Code of Maryland (1957 Edition and 1964 Supplement), title "Revenue and Taxes," subtitle "Retail Sales Tax Act," subheading "In General," to follow immediately after Section 326 (x) thereof, providing an exemption under the Retail Sales Tax Act for rentals or other consideration paid by the operator of a taxicab for the use thereof.

May 4, 1965.

Honorable Marvin Mandel
Speaker of the House of Delegates
State House
Annapolis, Maryland

Dear Mr. Speaker:

I have today vetoed House Bill 775 and, in accordance with our constitutional provisions, I am returning the same to you along with my veto message.

Prior to June 1, 1963, it was unlawful in this State for a taxi cab owner to rent a vehicle to a driver for an agreed amount "per shift" and for the driver to retain for himself all fares collected in excess of the agreed amount. The law was amended in 1963 to permit this type of rental. As a result, a number of taxi cab owners operating in the State of Maryland are now using this type of transaction. The rentals are presently subject to the Maryland sales tax. The purpose of House Bill 775 was to exempt rentals of this nature from the provisions of our sales tax law. I am advised by the Comptroller's office that the loss to the State would be in the neighborhood of \$100,000.00.

Although the reduction in revenue that would result from the enactment of this bill is not particularly great, it sets a precedent that I feel we cannot afford to enjoy.

As all of us know, the cost of operating the State government is annually increasing. For the past several years, the expenditures of our State have increased at a greater rate than the revenue. Consequently, we must closely guard all sources of State income and be diligent to prevent any infringement on these sources. If a sales tax exemption were afforded for this type of rental transaction and other new transactions or types of businesses, the receipts from this tax would become stagnant and we would soon be forced to find new sources of taxation.

It is for this reason that I feel that I cannot sign this bill and deny the State the income that would be lost as a result of it.

With kindest personal regards, I am

Sincerely yours,

(s) J. MILLARD TAWES,
Governor.