

consideration for any other transfer. The authorizations are in the disjunctive and hence are not cumulative. The rates are the maximum rates which may be imposed.

Senate Bill 429 would delete the section imposing the first of the above-specified rates, specifically with respect to the property which has been devoted to farm or agricultural use. It retains the other two classes of transfer taxes. There is and has been in effect in Montgomery County for a number of years a graduated transfer tax under the authority for the one percent levy. The Council has enacted a six percent transfer tax which would go into effect on July 1st under the first of the above classes, that relating to farm assessment property.

This authority to levy six percent transfer tax on farm land assessment property was granted to the Council by Chapter 633 of the Acts of 1968. It was the Council's understanding that it was granted in lieu of enactment of any revisions in the Farm Land Assessment Law designed to eliminate, reduce, or recoup substantial losses of local tax revenues by operation of the preferential farm land assessments.

It was the understanding of the Council when Senate Bill 429 was introduced that it was for the purpose of repealing the authority in event that a Farm Assessment Law was passed providing an alternate source of revenue for the County Government. Senate Bill 139 was enacted and signed by you, making certain revisions in the Farm Land Assessment Law and providing for a rollback on property taxes not to exceed a period of three years nor five percent of the "full cash value" at the time of sale.

This Act, by its very terms, cannot provide any alternate source of revenue for the Council prior to Fiscal Year 1971. Beginning in that year it can provide one-third of the maximum contemplated under the Act, with an additional one-third the following year, and full potential in the third year.

It is the opinion of the Council that they should retain their authority to levy the transfer tax on this class of property in order that, if there is to be any loss of potential revenue, it can be a decision of the Council and not that of the General Assembly. As you are well aware, this County and all of the political subdivisions of the State are faced with tremendous expenditure requirements with narrowing revenue sources. If we are to retain a sound fiscal program, we must not lose potential sources of revenue before receiving the benefits of the new sources.

The Council requests that you veto Senate Bill 429 thereby retaining the present authorization permitting the Council to make the decision about this local taxation.

I enclose herein a copy of a memorandum to the County Council from the County Manager dated February 7, 1969 transmitting analysis of the Director of Finance of House Bill 358. This shows the projected revenues under the six percent transfer tax (additional five percent). I am advised by the Director of Finance that the estimated revenues under House Bill 358 are valid for Senate Bill 139. In any event, it is clear that there will be no revenue to the County from Senate Bill 139 for the Fiscal Year 1970.