

and skills necessary to perform the jobs, and to report his results and recommendations to the General Assembly by January 1, 1971; and be it further

*Resolved*, That copies of this Resolution are sent to the State Commissioner of Personnel.

Approved April 22, 1970.

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No. 32

(Senate Joint Resolution 39)

Senate Joint Resolution urging the Congress of the United States to provide an exemption for the interest and dividends of certain U. S. Government bonds from the Federal income tax laws.

WHEREAS, In the year 1969 nearly \$5 billion in Series E and Series H bonds and Freedom Shares, issued by the United States Government, were purchased by the American public. The volume of these purchases is illustrated by reducing them to approximate monthly, weekly and daily figures as follows: \$400 million per month; \$90 million per week; and \$13 million per day; and

WHEREAS, The fact that about two-thirds of these purchases were made by means of payroll savings programs means that Americans of modest or relatively low incomes are making a significant and patriotic contribution to the country by purchasing these bonds and shares; and

WHEREAS, The Series E and H bonds and Freedom Shares pay a relatively low interest rate (5%) when compared with other investments available today, and furthermore the interest is taxable under Federal income tax laws; and

WHEREAS, By way of comparison, the bonds of the states and municipalities, now outstanding to the extent of \$124 billion and increasing at the rate of \$10 billion annually, are selling at interest rates in excess of 6%, and this interest is tax exempt under Federal income tax laws; and

WHEREAS, Tax exempt state and local bonds are purchased by persons in high income brackets, as shown by the fact that 83% of tax exempt interest is received by persons with incomes in excess of \$31,000 which is taxable at the 45% rate under Federal law; and

WHEREAS, The General Assembly believes that a policy which taxes low income bearing Federal bonds held by persons of modest incomes while exempting interest on state and local governmental bonds held by persons of high incomes is grossly inequitable and unconscionable; now, therefore, be it

*Resolved by the General Assembly of Maryland*, That we urge the Congress of the United States to enact legislation to exempt the interest or dividends from Series E and Series H Bonds, and Freedom Shares, from the Federal income tax laws beginning with the 1970 calendar year; and be it further