

Honorable John Hanson Briscoe  
Speaker of the House of Delegates  
State House  
Annapolis, Maryland 21404

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 314.

The bill authorizes the County Council of Baltimore County to levy an income tax on individuals residing within the County if the county tax imposed on all real property used primarily for residential purposes is repealed. The bill places no limit on the rate of tax which may be imposed, but makes clear that the new tax, if imposed, is in addition to the local income tax authorized and levied under Article 81, Section 283 of the Annotated Code of Maryland.

House Bill 314 was one of several bills considered by the General Assembly to provide relief to property owners from the burden of the local property tax, a laudable desire with which I am in full accord. The method embraced by this bill, however, is fiscally and economically inappropriate, and would if signed and implemented, seriously endanger the fiscal integrity of both the State and all of its subdivisions, particularly Baltimore County.

The State income tax, currently set at from 2% to 5% of taxable net income, represents the principal source of general fund revenue necessary to finance the operations of State Government. For fiscal year 1975, over 48% of the State's general fund revenue will come from the income tax on individuals — nearly \$650,000,000. The next largest source of general fund revenue is the State sales tax, which accounts for only 29% of such revenue.

This administration has succeeded in meeting the State's responsibilities to its citizens for the past five years without a general tax increase, and it is my firm intention to continue to do so; however, should the occasion arise where the demands upon the State for essential programs and services exceed the State's ability to provide them from existing revenue sources, future Governors and Legislatures must be able to turn to the income tax to raise the additional revenue.

It has been estimated that, in order to replace the revenue lost from the property tax in Baltimore County, a local income tax of at least 2.7% will be needed. The State Department of Budget and Fiscal Planning has estimated that the local tax would have to be at least