3%. In either case, this would make the combined effective State and local income tax rate for Baltimore County residents in excess of 10%, which, even at that level, would, in the opinion of the Council of Econonmic Advisers, seriously jeopardize future opportunities to raise the State income tax. The problem is compounded, moreover, by the lack of any limit on the new tax. The County Council could, if it chose, impose a 5%, or 10%, or 50% income tax, over which the State would have no control.

House Bill 314 has been represented as a local bill for Baltimore County. An analysis of its implications, however, makes clear that it affects not only the State but every other subdivision. Increasingly in past years, the State has shared its revenue with the subdivisions, both directly and by assuming larger shares of what had formerly been local programs. The State has made major commitments to public education, school construction, social service, law enforcement, and health programs, and has assented to significant decreases in local contributions to these programs. The ability of the State to maintain its commitment, much less to increase it, is obviously dependent upon its ability to secure the necessary revenue; and, by fettering the State's most viable option to secure that revenue, House Bill 314 may very well serve to limit the future levels of assistance rendered to all of the political subdivisions.

The effect of the bill on Baltimore County is more immediate and more drastic. After deducting existing credits for aged and disabled persons, Baltimore County expects to collect over $87,000,000 from its real property tax in fiscal year 1974, which will account for nearly 40% of its total general fund revenue. Of that amount, over $72,000,000, (more than one-third of the County's total general fund revenue) will come from the tax on residential property, and will have to be replaced by an income tax.

As of June 30, 1973, the County had authorized debt of over $203,000,000, all of which is currently supported directly or indirectly by the property tax. An additional $322,000,000 is estimated to be needed in the County's six year capital program, a large part, if not all, of which would be supported in the main by the property tax sought to be repealed by House Bill 314.

Whatever social and economic inadequacies there may be with the property tax, it has the critical advantage of stability and relatively predictable growth. This is why it has historically served as the base for State and local government bonded indebtedness. A tax on net income, particularly in a county which does not have the broad economic mix and diversification of the State,