

cannot compare to the property tax either in stability or in predictability. A labor dispute at a major plant, a curtailment of economic activity because of recession, natural disaster, or energy shortage, a slowdown resulting from the effects of labor disputes elsewhere in the country — all of these or any of them could have a serious effect on the revenues derived from an income tax. Debt service is not a flexible expense — it is there and must be met each year during the life of the bond — and there is no doubt that the substitution of an inexact revenue base will adversely and vitally affect the county's ability to finance much needed capital projects.

Of equal, if not greater, concern to me are the inequities in tax burdens which will result if House Bill 314 is signed and implemented. Although some proponents of the bill have asserted that, if the property tax is removed from rental dwellings, landlords will respond by reducing rents, the bill does not provide for such reductions, and I have serious reservations as to whether the County could legally mandate them. In light of the pressures which have been exerted on landlords by the unparalleled inflation in recent years, which have been communicated to me in the context of their objections to rent control legislation, I also have doubts as to their willingness to reduce existing rents voluntarily — at least to the extent of the savings in property taxes.

Thus, it is more than likely that this bill will increase substantially the tax burden on renters in the county. In that context, I might point out that, as of 1970, approximately 30% of all housing units in Baltimore County were renter occupied. I also note that, according to a recent study by Peat, Marwick and Mitchell, even under existing law, renters of the popular garden and high-rise apartments now contribute more revenue to the county than they require in county expenditures, whereas home-owning households require an average of \$350 more in expenditures than they contribute in revenue. To increase the existing inequities in tax burden between renters and home-owners is both unfair and unwarranted.

Even among homeowners, the bill would produce inequities. Families in which more than one person works would most likely have to pay more net taxes than they do now, whereas persons of wealth, who derive their income from tax sheltered sources would pay less taxes. Whether a home owner would lose or gain under this bill would depend on his aggregate net taxable income and the assessed value of his home; but it is clear that many homeowners would end up paying more taxes under House Bill 314 than they do now.

In vetoing House Bill 314, I call attention to the