

distributing]] distribution of the revenues from the tax on cigarettes]] certain insurance premiums; providing for an appropriation for the 1975-1976 fiscal year of the funds necessary to reimburse the counties and Baltimore City for a property tax credit program; and relating generally to a property tax credit program financed in the 1975-1976 fiscal year by an increase in [[cigarette]] insurance premium taxes; and providing for a Task Force to be appointed by the Governor, the Speaker of the House of Delegates, and the President of the Senate to prepare and submit no later than December 1, 1975 plans and recommendations for the further implementation of a statewide program of property tax credit relief for the residents of Maryland.

May 15, 1975.

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

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 855.

This bill is a supplementary appropriation bill funding the "circuit-breaker" property tax relief program, originally authorized by Chapter 750, Acts of 1974. The appropriation is funded by a 50% increase (from 2% to 3%) in the tax on insurance premiums.

On April 11, 1975 — four days after the session adjourned — I received a copy of a press release issued by you after consultation with the House leadership, in which you called attention to some of the legislative history of the bill, the haste with which the premium tax increase was added to the bill, and the odious nature of the tax, and requested that I veto the bill. These sentiments were repeated later at a meeting held with the House and Senate leaders.

My objections to the bill, which led me to announce that I would veto it, concern only the consequences of the 50% increase in the premium tax. To understand these objections, it is necessary to appreciate the nature and consequences of increasing the premium tax.

Virtually every State — if not in fact every State — places a tax on insurance premiums collected from business done in the State. A listing of the States and their current premium tax rates is set forth in the