

made to the corporate income tax, and the collateral inheritance tax was increased from 7-1/2% to 10%.

On April 11, 1975 - four days after the General Assembly adjourned - I received a copy of a press release issued by you after consultation with the House leadership, calling attention to the inequities of the two cent increase in the cigarette tax, and requesting that I veto the bill. This request, and the grounds for it were repeated at a meeting with the House and Senate leaders held a few days later.

The concerns which you, and other members of the General Assembly, expressed are, in my judgment, valid. I agree with you that an increase of only two cents in the cigarette tax as a method of funding the increased State aid for police protection, is most unwise.

Although there is some dispute as to the exact amount, it is clear that a significant percentage of all the cigarettes sold in Maryland are dispensed through vending machines. It is probable that, given the practical difficulties in refunding pennies, the price of cigarettes sold through machines will increase by a nickel a pack, the unlikely alternative being for the cigarette marketers to absorb the two cent tax. If, as expected, the price on these sales is increased five cents a pack, the tobacco dealers and distributors will reap a windfall of nearly three cents a pack, with the consumer bearing the full five cent burden at a time when he can ill afford it. Whether similar increases will be effected for over-the-counter and carton sales is conjectural, but certainly possible. Mr. Lawrence D. Shubnell, Director of the Division of Budget Review, Department of Fiscal Services has estimated that the dealers and distributors would gain a windfall profit of \$7,380,000 from the bill.

These considerations caused me to announce that I would veto House Bill 1170 and call the General Assembly into Special Session to reconsider the method of funding this needed appropriation. To its credit, the General Assembly, in Special Session, swiftly enacted Senate Bill 2, which re-enacted the appropriation and funded it on a more equitable basis.

Because the enactment of Senate Bill 2, which I have signed into law today, has made it unnecessary for me to sign House Bill 1170, I have vetoed it.

Sincerely,  
/s/ Marvin Mandel  
Governor

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