

maximum amount which may be borrowed is increased by the bill from \$50,000 to \$50,000,000; the method of borrowing any of this amount is by selling short-term notes. The preamble to Senate Bill 702 states that the General Assembly's intention is to limit this power to cases of temporary shortages of cash operating funds in State accounts.

In 1977 the General Assembly passed, and Governor Marvin Mandel vetoed, House Bill 621. That bill likewise attempted to increase the State's borrowing power in certain cases. The veto message set forth the Governor's fear that the "power to borrow on a short-term basis may in the future be considered as an expedient alternative to facing hard fiscal problems realistically."

This year, in addition to Senate Bill 702, the General Assembly passed House Bills 454 and 455. The latter is a Constitutional Amendment which will appear on the ballot in November of 1978. It proposes to amend Section 34 of Article III of the Constitution to authorize the Treasurer, at the direction of the Board of Public Works, to sell short-term notes in anticipation of taxes, in order to meet temporary deficiencies in the Treasury. House Bill 454, the companion measure which is dependent upon the approval of this Constitutional Amendment, amends Section 9 of Article 78A to increase the short-term borrowing power to \$50,000,000.

The language of House Bill 454 is quite similar to that of Senate Bill 702. The major difference between the bills is that the House Bill is dependent upon the approval of the people for this expansion of the State's short-term borrowing power in cases of temporary emergency shortages.

I have today signed into law House Bill 454; I have also signed House Bill 455, the proposed Amendment to the Constitution.

The State of Maryland has remained on a firm, stable, and solvent basis in part because those who govern it have acted responsibly to meet its fiscal needs. I do not fear the abuse of power which may be considered to be inherent in Senate Bill 702. And I believe that House Bills 454 and 455 can provide the flexibility which is their stated intention. At the same time, I believe that the voters of Maryland should decide, in November of this year, whether or not the State's short-term borrowing power is to be expanded for these purposes.

For these reasons, I have decided to veto Senate Bill 702 in favor of House Bills 454 and 455.

Sincerely,