

in from time to time, we were able to move forward with no significant change in taxation until last year. And then the unavoidable occurred. We found that taxes at the rates existing no longer were adequate to support our services at standards and at levels we had set. Reluctantly, the 1958 General Assembly approved an increase in the sales tax and the income tax from 2 per cent to 3 per cent. As a consequence, approximately \$52,000,000 has been added this year to the tax load of our citizens. That amounts to more than \$17 for every man, woman and child in the State. Furthermore, the picture of this extra tax burden is incomplete if we fail to take into consideration new levies imposed in many instances by local governments confronted with financial difficulties similar to our own.

These conditions forced me to the conclusion that no new taxes should be imposed this year if it were at all possible to maintain our State services at a reasonable level without them. The first indication to me that this could be done appeared a little more than a month ago in a report by the Bureau of Revenue Estimates on the anticipated revenues for the coming fiscal year. This agency estimated that our revenues for fiscal 1960, together with estimated transfers from other funds, would amount to \$201,029,593. At the end of the 1958 fiscal year—last June 30—it was estimated that the State would have general fund surplus in the amount of \$3,326,972 to help finance fiscal 1960. But the Bureau revised this estimate upward by \$607,273, which, together with current-year reversions and other adjustments, leaves us with an estimated surplus of \$4,462,231.94. Thus, we have available for 1960 general fund requirements \$205,491,824.

I am recommending to you general fund appropriations for next year totaling \$204,801,428, with a deficiency appropriation of \$353,691 for the current year, certified as necessary to cover the State's contribution to social security for State employees and teachers in the counties and Baltimore City. Deduction of the recommended net appropriations from the estimated resources available leaves us with an estimated surplus at the end of the 1960 fiscal year of \$836,705.

It is obvious that the limited amount of money available placed restraints upon our capacity to spend. Reductions in the appropriations requested by the various departments and agencies were necessary in most instances.

The fiscal plan I am submitting to you calls for strict economy in the operation of our government. But as I see it, it is not a program of austerity. No service or program that I know of is impaired