

problem of alcoholism that may be without parallel in this country. Funding would come through requiring local governments to pay the same percentage of care for indigent patients in mental hospitals that they now do in general hospitals, and through a moderate but across-the-board increase in all alcoholic beverage taxes.

Several factors have contributed to this year's emphasis on economy in the State operating budget:

1. The uncertainty of the revenue picture, which involves a softening of sales tax collections and an unpredictability—at least in the early months—of the exact amount of revenue that the new graduated income tax will produce.

2. My personal commitment to the people of Maryland, which I am sure is shared by you, that there will be no further increase in the income tax, or any increase or adjustment in sales taxes, this year.

3. A conscious effort on the part of the Executive to curtail costs and effect economies in agencies and programs where non-essential or duplicating expenditures exist.

FALTERING REVENUE RECEIPTS

Maryland has felt the impact of national economic policies. Higher interest rates have definitely slowed the construction boom and set off adverse business and employment effects throughout the State's economy. A direct result can be found in the diminution in growth of our sales tax and corporate income tax revenues. The immediate future looks far from promising.

On December 18, 1967, the Board of Revenue Estimates, headed by the State Comptroller, transmitted to me its annual report on which this budget is based. This report showed that the yield from the sales and corporate income taxes for the current fiscal year is now expected to be \$18.8 million less than the previous estimate for these two sources. In fact, the Comptroller's projection of these taxes into the coming fiscal year falls \$9.7 million below the amount previously anticipated for the current year! This is a startling figure, and it stands in sharp contrast to the normal expansion that has traditionally been expected from these sources. The complete projection of State revenues will be found in the Budget-in-Brief starting on page 20.

Some of the cutbacks in desirable spending requests that had to be made resulted directly from this bleak revenue outlook. I have asked