

DELEGATE GALLAGHER: Mr. Case, I am not provided with a crystal ball, but if I were, I would suspect that any corporation which enjoys this exemption would not like to see the barriers raised to losing the exemption. I would think the B&O would look kindly upon your keeping this, but I do not think that has a great deal to do with it.

THE CHAIRMAN: Delegate Lloyd Taylor.

DELEGATE L. TAYLOR: Delegate Gallagher, I have about two questions. I am not trying to ask the question to embarrass you, but I am trying to point out a few facts.

Number one, I have been a passenger of the B&O Railroad for the past several years when I take a trip home to Ohio. I realize that the B&O has cut its passenger fares from a high rate to a more economical rate, but do you know the exact amount of money that the State of Maryland loses from the fact that it has given this exemption to the B&O Railroad?

THE CHAIRMAN: Delegate Gallagher.

DELEGATE GALLAGHER: No, Delegate Taylor, I do not. It has been estimated that it is millions of dollars.

THE CHAIRMAN: Delegate Taylor.

DELEGATE L. TAYLOR: Well, do you know anything about the merger of the B&O with the Chesapeake and Ohio? Do you feel that it will merge in the near future?

DELEGATE GALLAGHER: It is obligated to merge.

THE CHAIRMAN: Delegate Taylor.

DELEGATE L. TAYLOR: One last question.

Are you aware of the fact that I appeared before your Committee on a proposal concerning the minimum income to individuals in the State of Maryland?

THE CHAIRMAN: Delegate Gallagher.

DELEGATE GALLAGHER: Yes.

DELEGATE L. TAYLOR: And, of course, this subsidy that is given to the B&O Railroad subsidizes a corporation, and of course this is what you call a distinction from the welfare state.

In my experience as a social worker, I have had —

THE CHAIRMAN: Delegate Taylor, is this a question?

DELEGATE L. TAYLOR: Yes, it is a question.

In my experience as a social worker, I have had dealings with all types of people. I have called the B&O office to verify railroad compensation, to verify when certain employees of the B&O were furloughed, and the fact they were receiving so much unemployment compensation, and of course I find that we have a problem here.

The problem is that you are subsidizing a million dollar corporation, and of course employees of the B&O may suffer.

I am wondering whether it would be better or more wise or more justifiable to really subsidize the people who are in need — for instance, some of the B&O employees who may be furloughed because of lack of work, or may have reached retirement age. Many times when they do reach retirement age they have to resort to welfare assistance in terms of paying hospital bills.

DELEGATE GALLAGHER: Mr. Taylor, the State of Maryland regrets that they granted this exemption, and certainly there is no indication that the proceeds which would otherwise be paid into taxes have been specifically put into areas of social concern, and no indication to the contrary, either.

I think it is important to remember that this was a virtual joint venture between government and private enterprise in the beginning when railroads were new, and no one could tell whether or not the corporation would end up as a money-making corporation or successful enterprise. It did. However, the State of Maryland got burned along the way, and the State of Maryland, for all intents and purposes, is out of the stock owning of the B&O Railroad. An exemption which was originally granted to spur initiative, partly recognizing the fact that government was going to be a 50 percent stockholder, the facts justifying those exemptions have disappeared.

I do not think that this was early welfare state by any means. I think this was an attempt to initiate and spur along a new undertaking.

THE CHAIRMAN: Delegate Taylor.

DELEGATE L. TAYLOR: The welfare budget in the State of Maryland is over \$30 million, or more, and of course I saw in the paper just yesterday that they plan to cut the welfare budget.