

It is true that I proposed a State tax on cigarettes and other tobacco products when additional revenue was deemed necessary to balance the State Budget for Fiscal 1958.

My proposal, however, differed greatly from that of House Bill No. 253. It would have equalized cigarette taxes throughout the State at a rate of 5 cents per package. Those of the Bill would throw them into greater disorder than they are at the present time.

In Baltimore City and Baltimore County, for example, the combined State and local taxes on a package of cigarettes would be 6 cents if the Bill became law. The tax would be only 3 cents in some of the neighboring counties.

It is true, of course, that a three cent differential exists now, and it is true that many residents of the City and of Baltimore County travel into neighboring areas as to buy their cigarettes.

However, I am convinced from talks with many smokers that the number of people buying their cigarettes outside the higher tax areas would increase considerably if House Bill No. 253 were to become law.

At present the differential between the no-tax areas and the tax areas ranges within the 20's. With the imposition of the proposed State tax they would range from the 20's in some areas to more than 30 cents in others. I am advised that the psychological effect of this would be very detrimental to business in those areas where the combined taxes would be 6 cents or even 5 cents.

This also could have a serious effect on revenues in those Civil Divisions which now are giving the most generous support to their own schools.

Another serious danger exists in the possibility of cigarette bootlegging, with some retailers from Civil Divisions with local cigarette taxes purchasing their cigarette stocks in those without local taxes.

Because State tax stamps of various denominations would replace the local tax stamps now in evidence, adequate policing of the situation would be impossible and some Civil Divisions again would be deprived of revenue to which they legally are entitled under their own ordinances.

The State, of course, could not levy a cigarette tax on the Counties which presently have no such tax and exclude those which have it.

There is, however, no reason why the Counties without the tax could not obtain the authority to impose it and use the proceeds for increased teachers' salaries. I would look with favor on such initiative.

However, for the reasons stated, I must decline to approve House Bill 253, and urge that the Legislature seek a means of realistically helping and inducing the Political Subdivisions to help themselves.

Sincerely yours,

(s) THEODORE R. MCKELDIN,  
Governor.

TRMcK:O/c

#### House Bill No. 277—Registration in Anne Arundel County

AN ACT to repeal and re-enact, with amendments, Section 10 of Article 33 of the Annotated Code of Maryland (1956 Supplement),