

The arrival at what I consider the proper stand to take on House Bill No. 93, which amends the present law pertaining to "Building, Homestead and/or Savings and Loan Associations" in this State, has presented one of the most difficult decisions I have been called upon to make with regard to legislative enactments. The dilemma which confronts me is created on the one hand by my acute awareness of the criticism directed against this State and its lack of appropriate regulation of savings and loan associations and, on the other hand, by my considered conviction that this legislation represents neither an adequate answer to this criticism nor a proper approach to the problem with which we are faced.

I, along with members of my staff, have devoted a great deal of time, not only to analyzing the provisions of House Bill No. 93 and the able arguments presented by its proponents and opponents at the hearing conducted by me last week, but also to the study of the background and nature of the building and loan industry in the State and particularly in Baltimore City where the greatest number of these associations operate.

As a result of the study that has been made, I conclude that the vast majority of the many State-chartered associations, oftentimes characterized as "neighborhood" associations, are conducted by responsible citizens of our State who, in many instances, give of their time and talents for nominal remuneration and, by so doing, perform a much-needed service to the communities in which they live.

I must further conclude from information which has come to my attention and from certain complaints referred to at the public hearing, that there are some organizations constituting a small minority which, within recent time, have sought to take advantage through specious means of the splendid reputation and the badge of integrity which this industry has earned through many years of prudent management.

In vetoing this bill I am not oblivious to, nor do I minimize the possible harm that these organizations may bring to their members. This possible harm must be weighed against any potential hardships and inequities which the provisions of this bill would work upon the majority of the savings and loan associations that are being operated in a proper and ethical fashion.

The aspect of this bill that is most objectionable to me is that it does not accomplish the purpose for which it was primarily designed. The bill's primary purpose is to establish regulations and supervision under which the building and loan industry must operate. Under the bill the State Department of Assessments and Taxation is the agency responsible for the administration of the law and for the supervision of the industry, but except for setting down the requirements which must be met by an organization in order to obtain a certificate of incorporation, there are no clear-cut directions, guides, standards, or rules for the Department to follow. Nor is there any authority granted the Department for enforcing the law. After the issuance of the certificate of incorporation, the positive jurisdiction and regulatory role of the Department is extremely vague and doubtful and, for practical purposes, its effectiveness seems to come to a dead end.

Within the framework of the present administrative structure, the frustration that would be facing the Department would be exceeded