

At the same time, on the State level, the existence of a regressive flat-rate income tax in addition to Maryland's 3 percent sales tax constitutes a genuine hardship upon low and fixed income groups, especially during this period of inflation.

To this has been added, in some metropolitan areas, a stopgap earnings tax that is administratively wasteful and highly discriminatory against the wage earner. If he works in Baltimore City, for example, it allows him no exemptions for dependents and no deductions for medical and other expenses. Montgomery County also has a temporary local income tax which must be collected without State assistance at considerable duplication in cost.

The earnings tax was enacted at a special session of the Legislature which Governor Tawes called last April after the broader Cooper-Hughes tax reform measure failed by two votes. It expires under the law July 1, 1967, and the local governments cannot afford to lose this source of revenue without an adequate replacement.

Numerous past studies have shown the inadequacy and unfairness of the present tax structure. A sounder, more equitable structure is mandatory if the State and its political subdivisions are to meet the demands for better education, health, welfare and public safety programs placed on them by an exploding population. It is time to stop talking about it and take positive, affirmative action.

The appointment of this committee is not simply a revival of the Cooper-Hughes plan of 1966, although several of its members helped develop that plan and urged its passage. It is highly probable that the committee will recommend a different approach in several areas. I leave that to the judgment of the committee and have asked only that it report to me and to the President of the Senate and the Speaker of the House at the earliest possible date.

Time is of the utmost urgency. I cannot wait until my inauguration on January 25, which will be one week after the Legislature has convened, if we are to develop a sound program and hope for its enactment at the 1967 session.

I believe members of both major political parties will be responsive to the needs of the State, its subdivisions and its people in this critical matter.

The committee has been assured of complete cooperation from the State Fiscal Research Bureau and the Governor's office in its studies.