TOTAL PARI MUTUEL BETS

July 1, 1920, to December 31, 1931

Year	Pari Mutuel Bets
1920 (July 1-December 31)	$38,705,772
1921	54,127,216
1922	49,903,288
1923	49,125,680
1924	51,229,627
1925	54,315,264
1926	53,584,591
1927	53,794,707
1928	54,680,165
1929	54,419,867
1930	47,754,676
1931	45,232,597

Total bets for Havre de Grace and Laurel for the year 1932 and the spring meets of Pimlico and Bowie for 1932 amounted to 28,028,547

The bets of Pimlico in the spring of 1932 were approximately 18% less than for the spring of 1931 and of Bowie for the spring of 1932 10% less than for the spring of 1931. Assuming that there will be similar decreases for the fall meets in 1932 as compared with 1931, the remaining bets for 1932 would be 10,517,081

The total bets for 1932 would then be 38,545,628

The Commission are of the opinion that the proposed tax is as painless in operation as any fiscal device which human ingenuity is likely to devise. The incidence will be solely upon successful bets. The holder of a winning $2 ticket who under present conditions receives $5, will be paid $4.50. The diminution is not likely to be regarded as a hardship to the winner and certainly will not excite sympathy from public opinion.

Your Commission are of the opinion that a tax such as that recommended out not to be opposed on what might be designated "moral" grounds. The State of Maryland has definitely adopted the policy of a licensed racing season and of supervised pari-mutuel betting. It is conceivable that at some future time public sentiment may undergo a radical change and that the entire institution will be abolished. But such is not the case at the present time nor is there any perceptible swing in that direction. Licensed racing and supervised betting are in operation and are likely to continue so. It would be quixotic to the degree of sentimentality for the State to abstain from taxing betting operations on this score. In the days before national Prohibition there were many people opposed to the saloon. But that feeling did not lead them to oppose high license taxation—in Baltimore City $1100 a year.

Nor is there in the opinion of the Commission any valid ground for opposition to the plan on the part of the race track owners and of other interests lawfully associated with the institution. The incidence of the tax is not upon the tracks but solely upon the winning bets. Indeed, it would be an extremely short-sighted policy for the track interests to oppose a plan whereby without cost to them a moderate part of bet winnings were diverted to educational costs.

Your Commission find no reason to suppose that the proposed tax will operate to stimulate illegal "handbook" betting at the expense of legal race track betting. It is the practice of the "handbooks" to pay winners at the pari mutuel rate, and "long shots" at a substantially lower rate. It is in the highest degree improbable that "handbooks" would add to the risk which they now run from violation of the law by seeking to further divert betting from the race track by offering better terms.

Your Commission believe it highly desirable that measures be taken to check the volume and growth of illegal "handbook" betting. Few persons have any idea as to the extent to which this demoralizing violation of law flourishes, primarily in Baltimore City, but to some extent throughout the State. From such scanty information as we have been able to gather, it seems not unlikely that the amount placed with "handbooks" is equal to the total amount of pari mutuel bets in the licensed tracks. We recommend that the Attorney General draft such amendatory legislation for submission to the General Assembly as will strengthen the penalties attaching to such violations and that the Governor of Maryland confer with the Police Commissioner of Baltimore City and with the appropriate authorities in the counties looking to a rigid enforcement of the law.

Your Commission does not believe that the proposed plan of a ten (10) per cen tax would seriously affect race track attendance and the volume of race track betting. It is a fundamental principle of taxation that any form of tax carries with it some restrictive effect. In the case of race track winnings the passion is so deep rooted, the gains as so fortuitous that a ten per cent deduction from winnings is not likely to have material effect in this direction.

In order, however, to meet every possible contingency that might arise, to the disadvantage of sound State budgeting, your Commission recommend that the tax of ten (10) per cent therein proposed be made experimental at that rate for the next two years. If at the end of that period it shall appear, even in conjunction with the anticipated gain from more effective suppression of illegal "handbook" betting and after due allowance for less than normal economic activity, that the ten per cent tax has resulted in marked lessening of track attendance and of pari mutuel totals—then there shall be a reduction in the ten per cent rate to a new rate to be determined in the light of the experience then become available, and that the loss in State revenue resulting therefrom shall be replaced, in default of a sufficient increase in other existing sources of State income, by the imposition of a state excise tax on special commodities (cigarettes, soft drinks, etc.) as hereinafter described (see page —, below).

VI

The Commission beg to bring to your attention a further source of State revenue, and to recommend certain changes in existing law and in administrative enforcement which will contribute not only to the fiscal end in view but will serve to correct a present glaring inequality. This has to do with the licensing of motor truck vehicles.

Through the painstaking studies of Mr. Casey, of the Commission, there has been made clear a situation in respect to the application of the 1/5c ton-mile tax provided in Section 258 of Article 56 of the Maryland Code on the public transportation of merchandise or freight that indicates to your Commission the need for strengthening the administration of this law to assure a fuller collection of this revenue. A study of this situation strongly indicates that the present inspection system to enforce the collection of this revenue is totally inadequate. This duty is now imposed on the Commissioner of Motor Vehicles and is a part of the many other activities of the State Police. It must be manifest that this relatively small force, with their prime duty of enforcing traffic regulations and providing for public safety on the highways, do not have the available time nor do they possess the special training essential for closely following the operations of trucks engaged in the public transportation of merchandise over the State highways.

We raised this question with the Commissioner of Motor Vehicles for the purpose of obtaining from him the requirements for a more thorough inspection service to assure the full collection of this particular tax. We found that the Commissioner's staff had recognized that their present field force could not devote sufficient time to this particular duty and satisfactorily perform their more serious obligations in respect to safety on the highways. As a result of a study of the additional inspection service needed, it was found that in addition to the force of the Commissioner of Motor Vehicles, ten patrolmen with the necessary equipment and supporting service both in the field and at headquarters at an approximate annual aggregate cost of $36,000 would be sufficient to install a system of patrol exclusively devoted to the enforcement of this revenue measure.

Your Commission has been without the facilities to make any special examination of the probable loss of revenue under present conditions, but some detached examples that have been brought to our attention made it evident that it is a substantial amount and materially in excess of the increase in the overhead of the office of the Commissioner of Motor Vehicles necessary to secure the full enforcement of the collection of this tax of 1/5 of 1c a ton-mile on the carriers covered by this section of the law.

There is a source of additional revenue, substantial in amount, to be obtained by the extension of this law to include all motor vehicles engaged for hire in the transportation of merchandise or freight over the public highways of the State. Section 259 of Article 56 of the Code which now excludes this type of freight carrier, should be amended so as to eliminate such exemption. Under the present law the exemption is based on truck operations which do not operate over regular routes on regular schedules or between fixed termini. There has grown up in this form of freight carriers a formidable competition to the franchise carriers who are required to pay the 1/5c a ton-mile tax, as it is comparatively easy to avoid or evade the stipulations in the law.

With these two provisions, viz., the additional administrative force for the Commissioner of Motor Vehicles and the amendment to Section 259 Article 56 of the Code eliminating the exemption above referred to, we are confident that a substantial increase in State revenue would result.

The present State license fee for commercial vehicles is the same as the fee on passenger automobiles, viz., 32c per rated horsepower. In this respect Maryland has not progressed to the position of surrounding States where there is definitely recognized in the license charge the difference in the highway service to commercial vehicles in comparison with the private passenger automobile. We therefore recommend a change in the tax on commercial trucks in which effect would be given to capacity, horsepower, and gross weight of the truck in measuring the amount of the fee. A comparatively moderate increase along these lines would give to the State a material increase in revenue and would still leave the commercial trucks of Maryland in a preferential position compared with the fees charged in adjacent States. There is attached hereto a schedule of these proposed changes. This schedule shows the amount of fees now collected from trucks of different capacity and the amount of fees to be collected under this new schedule. The present amount of fees collected from these various classes of trucks aggregates $305,608.00 and under the proposed new schedule would amount to $595,500.00. We have had compiled a statement showing the license fees now charged commercial trucks in adjacent States and while these data are not made a part of this report but are held available in convenient form in the records of your Commission—they show that the proposed new schedule is substantially below the fees imposed in these various States. In some classes, the differential in favor of Maryland trucks is one hundred per cent or more.

Capacity in Tons	Number of Units	Average H.P.	Average Present Fee	Amount of Fee Collected	Chasis Weight Under	Gross Weight	New Tag Classification	New Fee	Amt. of Total Fees Under New Schedule
1	14,500	27	8.64	$125,280.00	to 2500	6000	P.	15.00	$322,500
1½	7,000	30	9.60	67,200.00	2500 to 3500	9000	Q.	20.00	120,000
2	4,000	31	9.92	40,680.00					
2½	2,000	34	10.88	21,760.00	3500 to 6000	12000	R.	25.00	50,000
3	1,250	36	11.52	14,400.00					
3½	750	40	12.80	9,600.00	5000 to 7500	16000	S.	40.00	24,000
4	400	43	13.76	5,504.00					
4½	200	45	14.40	2,880.00	7500 to 8500	25000	U.	55.00	44,000
5	800	47	15.04	12,032.00					
Over 5	200	49	15.68	3,136.00	8500 to 11000	28000	W.	75.00	15,000
6 wheel trucks	200	49	15.68	3,136.00	over 11000	46000	X.	100.00	20,000
				$305,608.00					595,500

VII

It has been proposed to your Commission that as a further relief to the present tax load upon the counties and upon Baltimore, the State should release to the local bodies the revenue now accruing from licenses on traders, billiard tables, garages, soda water fountains, bowling saloons and restaurants.

This subject was carefully examined by Mr. Miles of the Commission. It would seem sound in theory for the several counties and incorporated towns to be permitted to have the benefit of the license fees except in instances where the State maintains a special department or engages in some specific activity devoted to the regulation or improvement of the class of business or occupation licensed. In other words, it would seem that the local bodies should be entitled to the benefit of the revenue derived from licensing merchants to engage in business in the particular county or city, in view of the fact that the county or city affords fire and police protection as well as many other conveniences generally supplied. On the other hand, the State should be entitled to receive the benefit of such license fees as oyster tongers, crabbers and others, including theatres, where the State maintains a special department or engages in some particular activity on behalf of such business or occupation.

The following table shows the amount the counties and Baltimore City would receive from the retention of the fees derived from six sources, all of which it seems rightfully belong to the communities from which they are derived. In the event the counties and Baltimore City are permitted to retain such fees it would result in the decrease in the State revenues shown below, which amount could very well be taken up in some other form of State revenue. The retention of these fees by Baltimore City and the counties would result in some immediate relief, even though it is to a small extent, from the general property tax, whereas their elimination from the State revenues would not be serious.

It does, no doubt, cost the State considerable money to enforce the payment of license fees through the regular inspections made under the supervision of the License Inspector, and it might, therefore, be advisable to permit the State to have some nominal percentage of the license fees, probably three per cent, so that Baltimore City and the counties would continue to get the benefit of the activities of the License Inspector's office.

REVENUE DERIVED BY THE STATE (1931) FROM

THE ISSUANCE OF CERTAIN LICENSES

	State	Counties	Balto. City
Traders Licenses	$454,934.31	$209,594.33	$245,339.98
Billiard Table Licenses	10,836.55	5,951.74	4,884.81
Garage Licenses	27,759.17	9,594.16	18,165.01
Soda Water Fountain Licenses	37,095.64	12,532.93	24,562.71
Bowling Saloon	15,384.43	7,370.96	8,013.47
Restaurant Licenses	34,216.93	9,668.23	24,548.70
Total	$580,227.03	$254,712.35	$325,514.68

VIII

Your Commission found current throughout the State a measure of sentiment in favor of a radical change in the present revenue system by the adoption of (a) an income tax or a general sales tax or (b) specific sales or excise taxes. These are proposed either to provide additional revenue if required or to take the place of certain existing taxes.

As to an income tax or a general sales tax, entailing as either would a drastic rearrangement of established business relations, it seemed to your Commission undesirable that such an economic shake-up should be ventured at this particular time, short of unavoidable requirement. Maryland like the rest of the country has suffered heavily from the depression of the past three years. More than anything else a period of quiet and convalescence is now needed. If existing tax burdens can be lightened while the process of recuperation and recovery goes ahead, the larger problm of thorough-going change in our tax system may reasonably be postponed to a later time.

As to a series of special sales or excise taxes on certain luxurious or at least escapable expenditures—cigarettes, cigars and tobacco, soft drinks, chewing gum—your Commission thought that at least some information should be gathered. An increasing number of states are making use of such imposts, and the results, in so far as the Commission have been able to learn of them, are described as highly satisfactory. Careful studies were made by Dr. De Vault, of the Commission, of the volume of retail sales, of the practicable rate of taxation and of the probable yield, in the case of the various commodities that might be so taxed. The results are presented in the following table:[1]

PROBABLY REVENUE FROM AN EXCISE TAX ON THE SALES

OF SPECIFIC COMMODITIES IN MARYLAND

Commodity	Retail Sales	Rate	Yield
Cigarettes	$11,253,000	10% of retail price	$1,125,000
Soft Drinks	8,155,000	20% of retail price	1,631,000
Cigars	4,909,000	10% of retail price	490,900
Smoking Tobacco	4,893,000	10% of retail price	489,300
Chewing Gum	1,631,000	20% of retail price	326,200

[1] The Commission has collected particulars relating to the use of such taxes by other states, and this information is available in convenient form in the records of the Commission.

IX

In this connection your Commission deem it proper to call your attention to the importance of studying the language of the existing licensing law as to the sale of alcoholic beverages in the counties and in Baltimore City to meet the contingency that might conceivably arise in the event of congressional modification of the Volstead Act. The existing State law applies to beverages of alcoholic content of two per cent or more. In the text of the law, the word "intoxicating" is used with what might be judicially construed as a limiting effect. Should the Volstead Act be modified so as to permit the manufacture and sale of beers and light wines in the manner prevailing before national Prohibition, such beverages must nevertheless be legally regarded, until such time as the 18th Amendment be repealed, as "non-intoxicating". This might operate to exclude their sale from the provisions of the Maryland license law. The same possibility might arise if Congressional action should provide for an alcoholic content of less than two per cent. Your Commission understand that the Attorney General has already commenced to study the entire matter, and that he will prepare for submission to the General Assembly such remedial legislation as may be necessary.

X

Your Commission are convinced that the program outlined above will, even under the present less favorable conditions, enable the State to relieve the counties and in a corresponding degree, Baltimore City, of the entire tax levies for road maintenance and to effect a material reduction in the tax levies for schools. As conditions improve, there will be a corresponding probability of increased State revenue from the sources proposed, which will permit a reduction of the present State direct tax on property. It is estimated that upon the present total assessed valuation, one cent of the State direct tax yields $275,000. Adoption of the tax plan herein presented, together with a program of rigid economy and reasonable retrenchment in State's expenditure, would in all likelihood, make possible a substantial lowering of the existing twenty-five (25) cents State rate.

XI

In studying methods by which the tax burden of the counties might be lightened, your Commission has not been insensible of the financial problem which Baltimore City faces. That problem is grave and pressing. Moreover, it is one which affects the counties and the State in hardly less degree than Baltimore City itself. The economic life of Maryland is an entirety; of that life Baltimore City is the heart center. Any condition which tends to delay business recovery in Baltimore will be felt disadvantageously in every section of the State. This is not the time in which a solution of financial difficulties may be sought either by the counties transferring a part of their burdens to the taxpayers of Baltimore City nor on the other hand by Baltimore City struggling to obtain a larger share of existing revenues.

One of the great advantages of the recommendations made above is that, if adopted, a substantial measure of relief will accrue to the taxpayers of Baltimore. For school purposes the City would receive an additional sum of $1,143,626, equivalent to eleven cents in the tax rate. For street maintenance there would become available a further sum of $743,364, equivalent to seven cents in the tax rate.

XII

The concern of your Commission has been primarily a solution of the immediate tax problem of Maryland growing out of the burden of taxation resting upon real estate owners in the counties and in Baltimore City. To this end we have made recommendations which by the provision of additional revenue will make it possible for the State very materially to lighten the local load. At the same time we should not wish to appear neglectful of the primary obligation upon the State administration to effect every possible economy and to introduce every practicable retrenchment in the State's budget for the coming two years. The record of Maryland in recent years has been admirable. A crucial test of its fiscal efficiency will be a successful effort to trim sail in lowering skies. For after all the hall mark of a wise public economy lies in ability to maintain an efficient public service not by taxing more but by spending less. Our inquiries have made it clear that the present grievance of the Maryland taxpayer is the weight of his total tax load, whatever part of it be imposed by the State or by county or by city. He demands retrenchment and economy in every quarter. However tolerant he may have been in more prosperous times, he insists that the present is a closed season for unnecessary public spending of every manner and kind. Even at the risk of exceeding the appointed task your Committee feel that they must register the earnest belief that the obligation of the State, of the counties and towns, and of Baltimore City is at this time the exercise of a severe and unyielding economy.

XIII

The Commission beg to summarize their major recommendations as follows:

1. A ten (10) per cent State tax on total pari mutuel bets.
2. Transfer of country road maintenance—as to costs and operation—to the State Roads Commission, and corresponding relief as to Baltimore City.
3. Increase of motor truck license rates.

If these recommendations be adopted, the benefit to the taxpayers of Maryland will be great:

1. The taking over of county road maintenance by the State Roads Commission will mean not only greater efficiency but a reduction in tax rates from ten to thirty cents in the county levies, and—as correspondingly applied to Baltimore City—a reduction of seven (7) cents in the city tax rate.

2. An upward revision of motor truck license tax rates, together with a closer enforcement of the existing motor franchise tax—will not only remove a manifest injustice in motor vehicle license taxation but will put the State in possession of additional revenue to an amount, which if released from the road fund to which it would be automatically allocated—would permit the State to release to the counties and to Baltimore City the revenue now derived by the State from traders, billiard table, garage, soda water fountain, bowling saloon and restaurant license. This would make possible a reduction of from two to five cents in the county levies, and of three cents in the Baltimore City levy.

3. It is the ten (10) per cent tax on pari mutuel bets which offers the taxpayers of Maryland the greatest opportunity. If the total betting were no greater in the coming years than in 1932 ($38,545,628; fall meets estimated), the proposed tax would make it possible for the State to come to the further educational aid of the counties and of Baltimore City, to the extent of reducing the school levy in the counties some twenty-seven cents, and some eleven cents in Baltimore City. If the total betting rises to the aggregate of 1930 ($47,754,674) or 1931 ($45,232,597) then in addition to the reduction in the school levy described above, it will be possible to reduce the direct State property tax from twenty-five cents to twenty-one cents. If the total betting regains the average ($52,786,489) which it held in the nine years from 1921 to 1929, that is before the depression—a possibility far from remote—it will be possible in addition to the proposed reduction in the local school levy to reduce the State direct tax from twenty-five to eighteen cents.

XIV

Your Commission have deemed it proper to devote their energies to the one important tax problem which Maryland now confronts, namely, the relief of heavily burdened real estate owners in the counties and in Baltimore City. There are other phases of the tax situation in Maryland which should be carefully surveyed and analyzed. It would be a desirable thing if such work could be continued by a successor Commission, for report to the General Assembly of 1935. In this event the important records and files of the present Commission will be transferred to such successor body for ultimate deposit with the Legislative Reference Bureau.

XV

The Commission desire to express hearty appreciation of the invaluable aid rendered by Dr. Horace E. Flack as Executive Secretary. Dr. V. J. Wyckoff of St. John's College and Mr. W. P. Walker of the University of Maryland have contributed important services. Miss Angela Lavarello has given intelligent stenographic assistance.

The total expenditures of the Commission, including the salary of the Executive Secretary to December 1, 1932, have been approximately one-third of the $5000 appropriated.

XVI

Judge Walsh was unable to agree with all the conclusions in the aforegoing report and he expects to file a supplemental report of his views later.

Respectfully submitted,

JACOB H. HOLLANDER, *Chairman*
WILLIAM J. CASEY
SAMUEL H. DE VAULT
HOOPER S. MILES

HORACE E. FLACK,
Secretary.

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FRED. G. USILTON, President.
EBEN F. PERKINS, Sec.-Treas.

ODD BELIEFS ABOUT FIRST DAY OF YEAR

TO OPEN a bank account at New Year's was considered lucky in Old England, the custom growing probably from the belief of many centuries that whatever you do on the first day of the year will be an indication of what will happen during the months to follow. So deep seated was this superstition in the minds of men that even after the festival was declared a general holiday, many clung to the old-time belief, and to insure work for the coming year would set the pace by spending at least an hour or two in some useful pursuit.

The first day of the year has been more generally observed than any other holiday, and over a longer period, as well, its observance dating back to the Druids in England and to ancient Babylon when it was made an occasion for a celebration lasting from ten to twelve days. With every nation this holiday has been considered a time for the expression of good will and the renewing of old friendships. The effort to demonstrate the kindly spirit led to the custom of making gifts, often very expensive jewelry and large sums of money. But it was not necessary to remember one's friends in that lavish way for custom made it possible also to express good wishes in a fitting and very humble manner.

Almost every nation has welcomed the New Year with some form of ceremony, not, however, on the same date or in the same way. The Druids celebrated the New Year on the shortest day of the year, the time, in their belief, when the sun, which journeyed away from earth during the cold months, turned homeward bringing with it sunshine, light, warmth and good cheer. The superstitions that cluster around the day began away back in the time of these sun worshipers when the priests led the people to the forests of the gods for small sprigs of mistletoe which would bring them health and prosperity for the year. So important was the event the people marched in processions to the groves, led by the priests, selected for the sacred duty of cutting the mistletoe, being armed with sickles of gold. And just as primitive man made his plans for the beginning of a New Year the Mexican, Japanese, Chinese,



Persian, Turk, in fact, every nation on the globe followed in his footsteps, each celebrating according to his own ideas and customs.

Omens of good and bad luck have always been associated with the New Year, all founded more or less upon the belief that supreme power was vested in an unseen deity who could bring good luck if properly appeased or mete out punishments. The Romans named their New Year in honor of Janus, the two-faced god, who had the power to look back over the past, and also in a prophetic way could look into the future. He was represented with a key in his hand symbolizing his power to open doors, and gateways, and this holiday was one of great gayety lasting several days. The festival was not observed in midwinter, but in the spring, when the Roman year began, and had only ten months. Later when two months were added to the calendar, January and February were placed at the beginning of the year, the New Year was celebrated on the first of January.

Among the old superstitions are many quaint customs that have been observed for centuries and have come down almost to this day and age. Among them are the following:

To bring good luck one must wear something new on the first day of the year, according to old English custom.

In some parts of England and Scotland it is supposed to be unlucky to leave a house until some outsider has first entered it.

There is also an old superstition concerning the weather told in old legend as follows:

"If New Year night wind blow south,
It betokeneth warmth and growth:
If west, much milk, and fish in the sea;
If north, much cold and storms there'll be;
If east, the trees will bear much fruit,
If northeast, flee it, man and brute."

It was considered unlucky also for one to make a present on New Year's until one had first been received. An old saw pertaining to this custom is as follows:

Take out and take in,
Bad luck is sure to begin,
But take in and take out,
Good luck will come about.

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