

The new estimates were based on the latest available collection trends and the motor vehicle traffic outlook as it best can be determined at this time from available current data on the coming pattern of motor vehicles usage and the economic outlook in general.

Probably one of the most important factors in the outlook is the effect of the present efforts of the National Administration to arrest inflation by slowing down consumer demand. This will influence the motor vehicle economy as well as construction and other sectors of economic activity.

Motor Vehicle Fuel Taxes increased over Fiscal 1968 by about 7% in the Fiscal Year 1969 to a total of \$104,441,000 for that year. This rate of growth has been maintained so far in the current Fiscal Year 1970. There is now, however, a noticeable new trend toward the usage of small "Economy" cars; perhaps as a result of the increasing traffic congestion which may become more pronounced if highway construction is curtailed. In view of this changing picture, current estimates of this revenue are based on an annual growth of 6% for the Fiscal Year 1970 and of 5% for the Fiscal Year 1971. Motor Vehicle License Revenue increased by more than a third in the Fiscal Year 1969 due to the one-third increase in License Plate Fees beginning with the 1969-1970 registration year. It now appears that a normal increase of about 4% annually should be expected in the Fiscal Years 1970 and 1971. Motor Vehicle Fines, Operators' Licenses and other fees are expected to continue previous annual growth trends.

As of June 1, 1969, the rate of the Motor Vehicle Titling Tax was increased from 3% to 4% coincident with an increase of from 3% to 4% in the Retail Sales and Use Tax brackets. This additional 1% Motor Vehicle Titling Tax will, however, be used in the General Fund and the Highway Fund will continue to receive only the proceeds of the former 3% tax.

The initial increase in this revenue in the early months of the Fiscal Year 1970 has been less than proportionate to $\frac{1}{3}$ increase in the tax rate. However, more collection experience is needed before a very clear picture of the long-term trend can be obtained. On the basis of this initial experience, it appears that no change is needed in the present Fiscal Year 1970 budget estimate of \$33,000,000 from the 3% tax made a year ago and the subsequent estimate of \$11,000,000 from the 1% increase for the General Fund. This revenue may, like the Gasoline Tax, be affected by the current trend towards the purchase of small "economy" cars. It may also be affected by any increase in unemployment which would lead to curtailment of auto purchasing by consumers.

Although this is a very volatile revenue and difficult to predict very far in advance, it is expected to show some increase in the Fiscal Year 1971 when the economy should be on an upgrade after a temporary slowing down in 1970.

Real and Personal Property Taxes

The Department of Assessments and Taxation, on November 19, 1969, made new estimates of the current assessable basis of the State.

Following are its new estimates of the State Assessable Basis together with the projected State Levy at the current 1969-1970 State Tax Rate of 20¢ per \$100.