

(3) *Tax on Admissions*

An increase from  $\frac{1}{2}\%$  to  $4\frac{1}{2}\%$  in the tax on admissions, effective June 1, 1969, with revenue from the 4% increase to go to the General Fund. The original  $\frac{1}{2}\%$  tax revenue will continue to be dedicated to the Counties and Municipalities as previously and with their continuing option to increase this rate for their own purposes individually.

(4) *Individual Income Taxes*

Beginning January 1, 1970, in lieu of the filing of quarterly withholding reports and the transmittal of Maryland and Local income tax withheld, all employers whose quarterly withholding may reasonably be expected to be \$300 or more will file and transmit monthly the tax withheld. The first filing under this new provision of the law will be for the month of January 1970. The effect of this change is to advance to Fiscal Year 1970 withholding receipts for the months of April and May 1970. This provides a once only revenue increase for Fiscal 1970.

(5) *Corporation Income Taxes*

Effective January 1, 1971 corporations will be required to file declarations of estimated income tax if their income tax for the taxable year is expected to be \$1,000 or over. The declaration is due to be filed on or before the first day of the sixth month following the close of the taxable year at which time at least one-half of the tax estimated to be payable for the year is due and payable. This is also a one time revenue increase only in the Fiscal Year 1971.

All estimates are based on the current tax statutes including the modifications by the above 1969 Legislation.

In arriving at new estimates, attention has been given by the Board to all known current economic factors as they will affect revenues through the Fiscal Year 1971.

Probably the most volatile current economic factor in the National outlook is the rapidly rising price level of goods and services which will have considerable direct effect on sales volume and business profits and will, in turn, affect tax revenues derived therefrom. Other important factors are:

Curtailement of public, industrial and private construction due to the shortage of capital and the rising interest rates.

The growing backlog of private housing demand which is becoming an increasingly important factor in the long-term outlook.

The timing of conclusion of the Vietnam hostilities as it will affect the Federal Budget and the economy in general.

The eventual Federal Tax Reform Program now being formulated by Congress. This program includes in addition to proposed Income Tax reduction, a start toward sharing of Federal revenues with the states. No estimate can be made of Maryland's share of such revenues until the enactment of Federal Legislation or the effect of new Federal Income Taxes rates until this legislation is finalized.