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against ower. Although Mandel has not increased welfare benefits, he said he hopes more money will become a vailable for the program next year through a closer screening and review of those who apply for benefits.

The fate of the Baltimore subway system was still uncertain yesterday, but Mandel has included \$123 million for the project in the budget, much of it in federal funds.

The governor was expected to announce his decision on whether to scrap the subway project in his State of the State address to the General Assembly today.

If the state goes ahead with the subway system, Mandel said the project will not drain off all available highway money as had been predicted. His budget includes \$11 million for state highways next year and \$23 million in highway money for the subdivisions.

Anne Arundel County will get about \$3.4 million of that; Annapolis is budgeted for \$192,000 in highway money from the state.

Following is a breakdown of the budget in major spending

Mandel decides today on future of subway

Gov. Marvin Mandel is expected to announce his decision on the future of the Baltimore subway during his State of the State message today, but there are few indications what the verdict will be.

The decision, however, apparently rests in large part on whether officials from three metropolitan subdivisions will agree to pay the subway's operating deficits.

On Tuesday, Mandel met with Baltimore Mayor William D. Shaefer, Anne Arundel County Executive Robert A. Pascal and Baltimore County Executive Theodore G. Venetoulis to discuss the cost-sharing plan.

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Although details of the proposal have not been released, published reports say the plan calls for Baltimore to pay 60 per cent of the deficit, Anne Arundel 12 per cent and Baltimore County 28 per cent.

"I think it's time," said Shaefer, a major backer of the subway. "We can't delay it any longer. We can't redo the plans. The system should be moved now.

Although none of the officials would say what he told Mandel, gubernatorial aide Frank A. DeFilippo said that after the meeting the governor asked him to re-write the transit section of the State of the State message.

Before the meeting, Pascal expressed opposition to funding the system, which would terminate in northern Anne Arundel County.

"I think a subway system does have merit, but I also think, as far as Anne Arundel County is concerned, it has to be given a low priority rating," he said.

Auto tag fee, gas tax hikes proposed by bill

Legislation which would hike motor vehicle license tag fees and increase gasoline taxes has been introduced in the House of Delegates by two Baltimore area Democrats.

Del. Howard J. Needle,

will leave the department \$44 million short of needed revenues for next year and \$254 million short over the next five-year period.

The program proposed by Needle and Cardin would be phased in over the next two a cent a gallon for the inspection of petroleum products it now conducts at the wholesale level.

In the second year of the program, the bill would add a 2 per cent sales tax to the price of gasoline at the wholesale level.