

billion in 1975 (see col. 1 of table 3), and by 1975 the outstanding debt is projected at \$198.8 billion.

On the basis of the data furnished in chapters 21 to 30 concerning future holdings of State and local obligations by various investor groups, supplemented by discussions with the respective chapter writers and the analysis of holdings of State and local obligations by investor groups during 1946-65 set forth in supplement C, projected yearend holdings of such obligations for 1966-75 are presented in supplement D. As detailed in table D1, these holdings are projected to rise from \$100 billion at the end of 1965 to \$211 billion at the end of 1975. Annual net changes of these projected holdings (shown in col. 2 of table 3) rise from \$8 billion in 1966 to \$14.3 billion in 1975.

TABLE 3.—*Projected net demand for, and net supply of, State and local government obligations, 1966-75*

[In billions of dollars]

Year	Projected supply ¹	Projected demand A ^{2 3}	Projected demand B ^{2 4}
	(1)	(2)	(3)
1966.....	8.5	8.0	7.2
1967.....	8.7	8.8	8.0
1968.....	9.0	9.3	8.6
1969.....	9.3	10.2	9.3
1970.....	9.7	10.8	9.9
1971.....	10.0	11.2	10.3
1972.....	10.3	12.1	11.1
1973.....	10.9	12.6	11.5
1974.....	11.1	13.7	12.6
1975.....	11.3	14.3	13.0

¹ Represent State and local government borrowing requirements (col. 10 of table B4).

² Represent funds available for municipal securities.

³ Annual net change derived from col. 1 of table D1.

⁴ Adjustment of commercial banks, personal trust funds, and "individuals and others" (per footnote 28).

In effect, these two sets of projections provide (a) estimated net additions to the supply of State and local government obligations that would be generated by the estimated State and local government public facility capital requirements, and (b) estimated net demands for municipal securities by various investor groups that reflect expected growth patterns of their assets and the proportions to be invested in municipal securities.²⁶ Comparison of the projections shown in columns 1 and 2 of table 3 indicates that during the decade 1966-75 the demand for municipal securities by various investor groups is expected to be higher than the supply arising from projected public facility capital requirements.²⁷

Between 1965 and 1975 State and local government indebtedness is projected to increase by \$111 billion. As shown in the last two columns of table 2, \$68.8 billion, or 62 percent of the expansion, is accounted for by commercial banks; \$19.8 billion, or 18 percent, is accounted for by personal trust funds; \$10 billion, or 10 percent, by fire and casualty insurance companies; and \$7.1 billion, or 6 percent, by "individuals and others." All told, these four investor groups account for 96 percent of the projected increase in municipal securities.

²⁶ While annual aggregate gross long-term borrowings by State and local governments are also projected, gross acquisitions by each investor group could not be developed owing to the limitations of financial institution data. At the present time municipal security gross acquisitions are available only for life insurance companies and municipal bond investment funds.

²⁷ Except in 1966.