

its citizens should be maintained, and wherever possible and practicable, improved. In the second place, I was determined that if it were at all possible, the taxpayers of the State should not be asked at this time to carry a heavier burden. The fiscal program I am presenting to you today accomplished these two purposes.

An incoming Governor preparing a new budget works under certain limitations. He deals with policies, programs, agencies and services established by previous administrations. The financial program he proposes is of necessity tempered by these conditions. For example, I fall heir to the executive leadership of a State which is committed to the extension of its participation in public education and to an expansion of its activities in the fields of criminal correction, health and public welfare. It is a State which continues to share an ever increasing amount of its revenues with political subdivisions under formulae which were conceived many years ago. Under laws enacted previously, it is required to increase its payments yearly for essentially the same services it received in the past.

I have no dispute with the system we have established. I simply want to point out that a new executive has less than a free hand in the creation of his first budget.

In the program I am presenting to you today, more than 75 per cent of the appropriations are mandatory or near-mandatory items, which to me as Governor are virtually untouchable. They include such things as public debt, the payment of revenues to civil divisions, automatic salary increments, additional support for retirement and social security and many other payments which are set up by law, such as the gasoline tax funds and the motor vehicle revenue funds to finance our highway program. To suggest drastic changes in a financial program under these conditions, would, in my opinion, be inconsistent with sound administrative practice.

Let us return now to the question of taxes. I told you that I started out with the strong conviction that our citizens this year should be given respite from increased taxation. All of us recall the critical situation we faced here in these halls a year ago when our requirement for funds finally overran our capacity to pay with established revenue sources and rates. This crisis was inevitable. It was the culmination of twelve years of State government financing which began when we broadened our tax base in 1947 with the adoption of the sales and use taxes. This expansion of the tax base in itself was sufficient to carry us along for several years. With the aid of an expanding economy and certain budgetary artifices that were indulged