

SPECIAL NEWS CONFERENCE, JOINTLY WITH
LEGISLATIVE LEADERS, ON ANTICIPATED REVENUES

June 4, 1968

OPENING STATEMENT BY THE GOVERNOR

This afternoon I asked the legislative leadership, along with certain of the State's fiscal people, to an emergency meeting which came about as a result of the recent disclosure from the Board of Revenue Estimates that the anticipated revenues from the new income tax had fallen seriously short of their February predictions. In February the prediction was \$296,000,000 and just a few days ago that was revised to \$262,000,000 which would project for the remainder of this fiscal year a \$30 million shortage and for the coming 1969 budget year an additional shortage of \$36 million. What I'm really saying is that the projections for the new tax are \$66 million off for the remainder of this year and the next budget year.

We discussed this in considerable detail and one thing is certainly clear — that the reason is not apparent to anyone. The economy is certainly not off seriously enough to cause this kind of shortage, and while there has been a great amount of speculation as to what factors could be involved in this problem, nothing has at the moment been found that can logically lead to a conclusion compatible with this situation.

The legislative leaders and I are in agreement that no reason for panic exists at the moment. There is no need to call the Legislature into special session until the figures given to us by the Board of Revenue Estimates can be examined in more detail, and until the remainder of the 109 thousand tax returns have been processed. I might say that there's little chance that the additional money to be found from these returns which have not yet been opened and deposited could rectify the situation, but certainly we've got to investigate very thoroughly the reason for the shortage and it's not apparent to us at the moment.

Meanwhile, I have instructed the State Budget Department, and they have already acted, to impose freezes on the employment of personnel for jobs already approved, to impose freezes in spending for the remainder of this fiscal year. The State agencies are going to be cut back; these cutbacks will not await the September final evaluation of the situation. I think we've got to be conservative and carry through with the type of conservatism which was manifest in the re-