

severe budgetary limitations. I think up to 25 percent. This naturally would not affect the mandated sections. These matters will have to await decisions at a later time, when we can have a full appraisal of what has taken place. The mandated sections would of course be subject to legislative change, if necessary.

Q. Governor, why wasn't the Comptroller here today?

A. I understand the Comptroller is on a trip, a business trip, out of town.

Q. Governor, do you have any reason to believe that the \$30 million deficit is erroneous and the deficit doesn't exist?

A. I would put the answer to that in a different fashion. I haven't, nor can I find, nor can anyone find, an apparent reason why it does exist. So therefore, we feel that there is a possibility that it is erroneous. The general growth of the economy has been reasonably good. I understand one of the principal industrial concerns of this area has indicated that it's still pretty high, and it's hard to figure based on the growth of other taxes why the income tax should be singled out for such a substantial and severe reduction.

Q. Did Mr. Marsh explain at all why he believes these figures are not erroneous, or did Mr. Young?

A. Well, no, Mr. Marsh and Mr. Young put forth their conclusions, based on the accounting of the actual money that they have received. They were not able to explain, certainly not to the satisfaction of either the legislative leadership or to my satisfaction, why these things exist.

Q. How many of the returns have been processed?

A. I'm not sure of the figure. There are about 109,000 returns left — 515,000 I think have been processed. No, that's the number that have been analyzed. I'm not sure of the number processed.

Q. Would you say, Governor, that there will be freezes other than on new employees?

A. Oh yes, there will be substantial economies put into effect immediately. We certainly don't intend to do anything that's going to do violence to programs that are absolutely essential, and we're not going to arbitrarily say no to every one. They'll have to go to the Budget Director and justify that a definite emergency exists before they will be able to fill any new positions or spend any additional money this year.