

Q. Is this money that's still to be paid to the local governments?

A. Most of it's been paid in to the State. I don't know the mechanics of its distribution. You'll have to check with the Comptroller to see whether it has been distributed yet. But \$93 million is the estimated local share as I recall — maybe a little more than \$93 million in the May 27th report. I want to emphasize that my conversations with Mr. Goldstein were not for the purpose of making him uncomfortable, but for the purpose of trying to ascertain exactly why we have the shortage. I made the suggestion, and we still haven't come to any conclusion, but we did agree yesterday that the five-man committee that I appointed will continue to look into the situation, and when they have reached some conclusion we'll have another meeting with all of the fiscal people concerned; so that the reports in the morning press to the effect — one of the morning papers — to the effect that nothing was decided about how to proceed of course are totally inaccurate and the transcript of the conversation would show that.

(Taxes)

Q. Governor, even before this \$36 million deficit showed up, your budget for this year was austere — you held it down. Does this indicate to you that based on the new income tax you will have another tax hike next year?

A. I don't think that we can come to that conclusion yet by any stretch of the imagination, because we really don't have any figures at this moment that we can rely on. Certainly if we can't decide why there's a shortage and we can't decide the degree of the shortage, we don't know whether we're going to have to move to raise additional revenue. And as I said before when this shortage first came to light, I am much more interested in cutting back on expenses than I am in raising taxes. We are facing a tax increase at the Federal level that's going to be very tough to handle for the average family, and I feel that I am called upon to exercise the utmost in economy to not make it necessary to have another State tax increase this year.

(Effect of Federal Tax Increase)

Q. Won't the Federal tax, as has been pointed out many times, cut down on the sales tax revenues?

A. Yes, I'm afraid it will. I think it will inhibit the sales tax and maybe to some extent the corporate tax, but instead of simply looking for new revenue I think we've got to look for ways to cut back in spending. And I would hope that the subdivisions will also do that.