

1 THE CHAIRMAN: So that even in an emergency,
2 the State could not do as the Federal Government does,
3 for instance, and provide deficit financing?

4 MR. CASE: That is correct.

5 THE CHAIRMAN: I think it would be helpful in
6 the record if you could comment on that.

7 MR. CASE: Of course, this is traditional in
8 our State. We do not today as a matter of practice
9 count on deficit financing, and as far as except for one
10 occasion, I think there has never been -- which is a
11 minor point at the moment -- there has never been a
12 situation where we have had deficit financing in this
13 State since 1916. Actually, this was possible before
14 the Budget Amendment of 1916, and it was one of the evils
15 that was sought to be corrected by the Goodnow Amendment
16 and by the resulting Budget Amendment of 1916.

17 It is one of the cornerstones of the great
18 respect which our State has in fiscal circles and our
19 Committee definitely felt that it ought to be, if anything,
20 strengthened.

21 MR. SCANLAN: How many other States have