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## Otter assures confidence as revenue falls

*State shortfall at about \$173 million*

Officials said Thursday this year's state tax revenue estimate is running about \$173 million lower than projected but Gov. C.L. "Butch" Otter said the state's fiscal responsibility will prevail in maintaining public services.

The forecasts were made in February during the legislative session. Rather than finishing the 2010 fiscal year next summer with a nearly \$50 million surplus, depressing revenues are expected to leave the state more than \$151 million short, according to the monthly Economic Outlook report from the Division of Financial Management. The fiscal year began July 1.

"We have been here before," Otter said in a statement. "We have the experience, the tools and the commitment needed to address this situation while maintaining necessary public services. We are fortunate to be far better off than most other states, thanks to sound, conservative fiscal management and a strong understanding of government's limited role in people's lives.

Otter plans to meet with legislators and other officials later this month to discuss what options might be necessary, including potential mid-year budget cuts or whether measures could wait until the 2010 Legislature. Last year, Otter issued mid-year budget cuts.

"But I want to remind you, it is much easier to make a holdback as early in the fiscal year as possible than it is late in the year," Otter said in remarks released the media.

The Idaho Constitution requires a balanced budget. Legislators softened additional cuts with rainy days funds and the federal stimulus.

"Our job is not to protect government, but rather to protect the people who pay for government as well as those who rely on it," Otter said. "These difficult economic times require that we work even more closely together toward those goals."

Otter said it is premature to speculate how the forecast will play out, but noted how Idaho is doing better than other states.

"I can't look into the crystal ball and say Health and Welfare is going to be cut this, higher education is going to be cut that, education is going to be cut here, the highways or some other agency is going to be cut in these areas. I can't say that. Because number one, I don't know what the shortfall is going to be totally; and number two, those are decisions that I have to make in concert with the Legislature."

Some legislators have already said that the state's revenue situation could be so poor that they might have to consider eliminating entire state agencies.