

May 7, 1975

SENATOR MARVEL: Right. This does not include any additional spending that is either up on the board or is anticipated.

SENATOR CARSTEN: In view of that, if I may continue Mr. President? In view of that fact, we would have to stop any further A bills at this moment in order to use the 12 percent figure to come out and break even. Is this a fair statement?

SENATOR MARVEL: No sir. This is assuming that what we're doing at the moment is setting the rate for the fiscal year that begins July 1, 1975, which we are not doing. We could continue as long as we took care of the cash flow problem, which you would have done with 2 1/2 and 12. I'd like to have you and also Senator Warner, and perhaps Senator Duis, respond if I'm wrong. All this Legislature, at the moment, is interested in is to be certain that there's enough money in the till to keep the flow going. We are not in a position of where we have to determine now a decision that would be made the 15 of November. That's the point I'm trying to make.

SENATOR CARSTEN: May I continue Mr. President? Then your projections, after January 1 of '76, and relative to cash flow do you think that the 12 percent will do it or are we going to say that will not be our worry. The Board of Equalization meets in November and they can anticipate at that time what the projections are. Is that what you're saying Senator Marvel?

SENATOR MARVEL: No sir, no sir. It's my understanding that your committee has introduced this piece of legislation which states that in effect we will have a 2 1/2 sales and 13 percent income. It would be enforce, if this bill is passed without any amendments, as of the first of January of 1975. You're making the income tax retroactive. Right? So there will be some money added. There will be much more added the next year. There will be some money added this year to take care of the cash flow that will . . . problems that will occur either in October or the first part of the year. What the State Board of Equalization, meeting the 15th of November, will have to do is not worry about the cash flow. Your bill, regardless of whether we approve the 12 or the 13 percent income tax, takes care of that cash flow. You solve that problem, if the Legislature passes this bill either with a 12 percent income tax or the 13 percent. What I'm trying to do is defend Senator Warner's 12 percent at the moment. I'm not certain I've gotten through to you.

SENATOR CARSTEN: I understand that, Senator Warner. Thank you.

(President Whelan presiding)

PRESIDENT: Senator Syas.