

Governor's fiscal analyst into the Budget Committee at which time we looked over their proposed revenues, proposed expenditures. We had our own fiscal analyst work it out and we've come up with a figure which says that we can reduce the state income tax from 15% down to 13% and still have a sufficient amount of funds and I believe that this Legislature should reduce the income tax. To reduce it down to a point equivalent to the sales tax would probably mean we would have to go, instead of down 2%, we would have to go down 2½% and I feel that we are still going to be obtaining a sufficient amount of money and Senator Marvel, before he left today, put on your desk the information which illustrated that the balance at the end of the next fiscal year, on the basis of the present rates, should be 15.6 million dollars and if you knock off, say, 2% income tax you would be knocking it down to about twelve million. You would still have a balance of about two or three or four million and that would take care of the necessary expenditures. So I wish to be in favor of the Warner amendment.

PRESIDENT: The chair recognizes Senator Simpson, then Senator Frank Lewis.

SENATOR SIMPSON: Mr. President, members of the Legislature, I, too, approve of the amendment. Seemingly if we have too much money flowing in, we should attempt to cut this off when it does happen and we are the only ones that have that opportunity and give it back or keep it with the people. My personal feelings would be that it should be the sales tax but in looking at the rates, there is no way you can go down a ¾ percent and keep within the cash flow. This will do it. I think we should do it for the people and keep the rates only where necessary to take care of expenditure for the present year.

PRESIDENT: Senator Frank Lewis.

SENATOR FRANK LEWIS: Mr. President, I wonder if Senator Warner would yield to a couple of questions.

PRESIDENT: Senator Warner yield.

SENATOR WARNER: Yes.

SENATOR FRANK LEWIS: I suppose you conferred with Senator Marvel on the composition of the material handed us. I'd like to ask maybe two or three questions. Has the fiscal staff made a long range projection of two or three years as to anticipated revenues and expenditure that might give us some kind of an indication of the direction we are going?

SENATOR WARNER: Senator Lewis, you will recall, perhaps a week ago or ten days ago, there was distributed to the members that kind of a projection up through three years. The only difference in the initial figure for this year here that was passed out today are essentially the same as those the other day, plus the four million down there that is anticipated and that lapses to the General Fund. That figure was not clear or was not known as precisely as could be estimated at this point as when those original figures were turned out. If you will look at this cover sheet, the figures, at least, down through the 28th million, or actually through the 60, our figures that would be available from the..and were available from our Department of Revenue and then the further reductions, there are pending legislation or in the one case, legislation which has been enacted.

SENATOR LEWIS: Then the 15.6 million dollars also includes the necessary cash reserve that we must carry.

SENATOR WARNER: Yes, you will notice that is up there in the twelve million required reserve under the Section subtotal and the subsection required to reserve twelve million. This also was increased. Originally it was 11.2. This was