

reviewed for continuation. And, obviously, I can't say nor could any member of the Appropriations Committee say which of those will or will not go until the hearings are completed but I can state without any hesitancy at all that you are talking about a substantial dollar reduction in a variety of programs, elimination of a variety of current existing programs in many, many agencies of state government, and that unless rates are increased which my sense is at the moment that is not what people generally in the Legislature want to do. By the way, there is another thing that could happen which I think is another reason why that bill should be out there. It is conceivable, it is conceivable that the Legislature would not fund the homestead exemption even though you not repeal it. It wouldn't be the first time we have done that and you could merely shift the homestead exemption back to the other classes of property within local government to the tune of 18.3 million and not have funded it so that I think would be a criticism we would not want to do. So the vehicle to repeal it in its entirety probably has more equity in it than you perhaps would think of if you assumed the potential for not funding is there with or without the bill to repeal. We may well be at a point this year and this would be the first year that we have really dealt with setting rates when it was an issue, last year it really was not an issue.

PRESIDENT: One minute, Senator.

SENATOR WARNER: Last year the only issue was how much the income tax rate was going to go down but this year it may well be that we will need to be setting a rate much earlier than the last...perhaps the appropriate thing to do is set a rate very soon which we are then going to abide by with the exception that if there is a major state aid bill, as Senator Johnson has indicated, then those major bills ought to carry the necessary increase in tax rates as I think the one or two bills you have put out do, and then it is a self-contained funding and expenditure bill before you and it can be dealt very easily without affecting anything else. I would urge the body to retain the option of repeal of the act, and by placing it on General File so that we can perhaps manage to stay within the existing income tax and sales tax rates as seems to be the consensus of many.

PRESIDENT: Thank you. The Chair recognizes Senator Withem. May we have order please. (Gavel.) Senator Withem.