

discussion on the national level, and I refer to it as tax simple, tax simplification. That is they are going to reduce the number of brackets, from 14 or 15 brackets down to maybe 3. Now, mind you, that is the last computation you do. You take the range of your income and then you take it times the percentage, and that is what they are going to simplify because the rest of the whole idea of tax simplification is simply not there. It has been acknowledged by everyone involved that actually it is going to be more complicated than ever. What does this have to do with this particular bill? What does tax simplification have to do with? What is it all about? I'm going to tell you what it is all about. That is reducing the unearned taxable income from 70 percent down to 35 percent for high earning individuals. Unearned income applies to like oil royalties, to interest income, and various things, stock dividends and things like that. You take that revenue out of the national budget and it has to be made up somewhere. Now we're talking about here a tax incentive. It's not appropriate to refer to it as a tax break. It is a tax incentive to get you to do something. I want to go through a little bit of history. They keep referring to the Kennedy years as when we had a tax incentive that accomplished something. If you go back and look at those years, that was a tax credit and accelerated depreciation. In other words, you had to do something in order to earn these incentives. This caused activity within the economic community, within the business community. One of the things that we have been doing, on the national level in recent years, has simply been the idea of lowering the general tax rate. When you lower the general tax rate, and you do not offset the lowering of that general tax rate with the proper incentives, then you are going to risk the slow down in the economy. Now I just bring this out to you because they wondered what happened. And I see Senator Johnson has handed out a bunch of material in regard to the lack of activity that happened in 1981-82. But let me point out to you that in 1981 and 1982 we had, at the same time, alternative investments that were very, very high, tax freeze in the 14, 15 percent range. We had treasury bills in the 12 percent range. There was a different alternative there. We did have things different than we do right now. If you give a businessman the alternative of reducing his tax by creating a tax incentive, as Senator Hefner pointed out, by actually doing something, you are going to have a multiplier effect that will come back to us as legislators